



**PAN HONG HOLDINGS GROUP LIMITED**

(Incorporated in Bermuda on 20 December 2005)

(Co. Reg. No: 37749)

**1<sup>st</sup> QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THREE MONTHS ENDED 30 JUNE 2018**

**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 the corresponding period of the immediately preceding financial year.**

RMB'000	Group		
	3 months ended	3 months ended	Decrease
	30 June 2018	30 June 2017	
	(Unaudited)	(Unaudited)	
<b>CONTINUING OPERATIONS</b>			
Revenue	8,896	339,081	(97.4%)
Cost of Sales	(6,599)	(282,322)	(97.7%)
<b>Gross profit</b>	<b>2,297</b>	<b>56,759</b>	<b>(96.0%)</b>
Other income and other gains and losses	4,101	(1,025)	(500.1%)
Selling and distribution expenses	(2,359)	(1,230)	91.8%
Administrative expenses	(4,008)	(4,013)	(0.1%)
<b>Operating profit</b>	<b>31</b>	<b>50,491</b>	<b>(99.9%)</b>
Finance costs	(565)	(628)	(10.0%)
<b>(Loss)/profit before income tax</b>	<b>(534)</b>	<b>49,863</b>	<b>(101.1%)</b>
Income tax expenses	(334)	(16,518)	(98.0%)
<b>(Loss)/profit for the period from continuing operations</b>	<b>(868)</b>	<b>33,345</b>	<b>(102.6%)</b>
<b>DISCONTINUED OPERATIONS</b>			
Profit for the period from discontinued operations	-	1,271	(100.0%)
<b>(Loss)/profit for the period</b>	<b>(868)</b>	<b>34,616</b>	<b>(102.5%)</b>
<b>Other comprehensive income, net of tax</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of financial statements of foreign operations	(2,568)	1,442	(278.1%)
<b>Total comprehensive income for the period</b>	<b>(3,436)</b>	<b>36,058</b>	<b>(109.5%)</b>
<b>(Loss)/profit for the period attributable to:</b>			
Owners of the Company			
-from continuing operations	(868)	33,345	(102.6%)
-from discontinued operations	-	1,704	(100.0%)
	(868)	35,049	(102.5%)
Non-controlling interests	-	(433)	(100.0%)
	(868)	34,616	(102.5%)
<b>Total comprehensive income attributable to:</b>			
Owners of the Company			
-from continuing operations	(3,436)	35,257	(109.7%)
-from discontinued operations	-	1,359	(100.0%)
	(3,436)	36,616	(109.4%)
Non-controlling interests	-	(558)	(100.0%)



	(3,436)	36,058	(109.5%)
<b>(Loss)/earnings per share for (Loss)/profit attributable to the owners of the Company during the period (in RMB cents):</b>			
- Basic and Diluted	(0.17)	6.84	(102.5%)
<b>(Loss)/earnings per share for (Loss)/profit attributable to the owners of the Company during the period from continuing operations (in RMB cents):</b>			
- Basic and Diluted	(0.17)	6.51	(102.6%)

Note:

RMB '000	Group	
	3 months ended 30 June 2018 (Unaudited)	3 months ended 30 June 2017 (Unaudited)
Profit before income tax from continuing operations is arrived at after charging/(crediting):		
Interest charges on financial liabilities stated at amortised cost		
- Bank loans wholly repayable within five years	565	2,366
Less: amount capitalised in properties held under development	-	(1,738)
	565	628
Depreciation of property, plant and equipment	452	263
Less: amount capitalised in properties held under development	(17)	(7)
	435	256
Cost of properties held for sale recognised as expense	6,574	268,959
Operating lease charge in respect of land and buildings	32	60
Less: amount capitalised in properties held under development	(24)	(24)
	8	36
Staff costs, including directors' remuneration		
- Wages and salaries	2,298	1,958
- Retirement benefit scheme contributions - defined contribution plans	235	203
Less: amount capitalised in properties held under development	(453)	(347)
	2,080	1,814
and (charging)/crediting:		
Net fair value loss on financial assets at fair value through profit or loss	(240)	(2,340)
Interest income from bank deposits and other receivables	4,206	1,093
Rental income	73	136
Sundry income	62	86



**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 June 2018 (Unaudited)	31 March 2018 (Audited)	30 June 2018 (Unaudited)	31 March 2018 (Audited)
<b>RMB'000</b>				
<b>ASSETS AND LIABILITIES</b>				
<b>Non-current assets</b>				
Property, plant and equipment	37,444	37,038	-	-
Investment properties	20,841	20,841	-	-
Investments in subsidiaries	-	-	278,608	278,608
Other financial assets	20,000	20,000	20,000	20,000
Deferred tax assets	6,790	6,790	-	-
	<b>85,075</b>	<b>84,669</b>	<b>298,608</b>	<b>298,608</b>
<b>Current assets</b>				
Properties held under development	847,423	788,559	-	-
Properties held for sale	124,022	130,596	-	-
Accounts receivable	1,482	1,410	-	-
Prepayments and other receivables	160,088	157,168	112	113
Amounts due from subsidiaries	-	-	328,892	328,892
Financial assets at fair value through profit or loss	7,837	8,077	-	-
Other investments	-	90,303	-	-
Tax recoverable	13,444	7,765	-	-
Structured bank balances	194,500	50,000	-	-
Pledged deposits	36,587	109,629	-	-
Cash and bank balances	373,948	202,198	161	161
	<b>1,759,331</b>	<b>1,545,705</b>	<b>329,165</b>	<b>329,166</b>
<b>Current liabilities</b>				
Accounts payable	8,083	7,462	-	-
Accruals, receipts in advance and other payables	1,070,045	797,951	376	899
Provision for tax	55,311	58,013	-	-
Amounts due to related parties	11,359	11,352	327,444	326,064
Bank loans	47,838	100,407	-	-
	<b>1,192,636</b>	<b>975,185</b>	<b>327,820</b>	<b>326,963</b>
<b>Net current assets</b>	<b>566,695</b>	<b>570,520</b>	<b>1,345</b>	<b>2,203</b>
<b>Total assets less current liabilities</b>	<b>651,770</b>	<b>655,189</b>	<b>299,953</b>	<b>300,811</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	3,765	3,748	-	-
	<b>3,765</b>	<b>3,748</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>648,005</b>	<b>651,441</b>	<b>299,953</b>	<b>300,811</b>
<b>EQUITY</b>				
<b>Equity attributable to the Company's owners</b>				
Share capital	52,241	52,241	52,241	52,241
Reserves	590,108	593,544	247,712	248,570
	<b>642,349</b>	<b>645,785</b>	<b>299,953</b>	<b>300,811</b>
<b>Non-controlling interests</b>	<b>5,656</b>	<b>5,656</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>648,005</b>	<b>651,441</b>	<b>299,953</b>	<b>300,811</b>



**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 30/06/2018		As at 31/03/2018	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
47,838	-	100,407	-

**Details of any collateral**

Bank loans of approximately RMB 16,954,000 were secured by the Group's property, plant and equipment as at 31 March 2018. Bank loans of approximately RMB 30,884,000 were mainly secured by deposits of RMB32,500,000 which were classified as pledged deposits as at 30 June 2018.



**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 June 2018 (Unaudited)	3 months ended 30 June 2017 (Unaudited)
<b>Cash flows from operating activities</b>		
(Loss)/profit from continuing and discontinued operations before income tax	(534)	56,033
Adjustments for:		
Interest income	(4,206)	(3,316)
Interest expense	565	791
Depreciation of property, plant and equipment	435	603
Net fair value loss for financial assets at fair value through profit and loss	240	2,324
<b>Operating profit before working capital changes</b>	<b>(3,500)</b>	<b>56,435</b>
(Increase)/decrease in properties held under development and properties held for sale	(49,354)	295,296
(Increase)/decrease in accounts and other receivables and prepayments	(11,520)	(17,823)
Increase/(decrease) in accounts and other payables, accruals and receipts in advance	272,715	(422,185)
<b>Cash generated from/(used in) operations</b>	<b>208,341</b>	<b>(85,953)</b>
Interest received	4,206	3,316
Income taxes paid	(3,036)	(15,882)
<b>Net cash generated from/(used in) operating activities</b>	<b>209,511</b>	<b>(98,519)</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(856)	(1,240)
Proceeds from disposal of other investments	90,303	-
Decrease in pledged deposits with original maturity over three months	73,042	23,488
(Increase)/decrease in structured bank balances	(144,500)	120,100
<b>Net cash generated from investing activities</b>	<b>17,989</b>	<b>142,348</b>
<b>Cash flows from financing activities</b>		
Advance from/(repayment to) a related company	7	(21,643)
New borrowings	7,620	159,827
Repayment of borrowings	(63,509)	(21,223)
Interest paid	(565)	(22,164)
<b>Net cash (used in)/generated from financing activities</b>	<b>(56,447)</b>	<b>94,797</b>
<b>Net increase in cash and cash equivalents</b>	<b>171,053</b>	<b>136,302</b>
<b>Effect of foreign exchange difference</b>	<b>697</b>	<b>98</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>202,198</b>	<b>288,122</b>
<b>Cash and cash equivalents at end of the period (note)</b>	<b>373,948</b>	<b>424,522</b>
<b>Note:</b>		
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances	373,948	424,522



**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		
<b>At 1 April 2017 (audited)</b>	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the period	313,446	(12,817)	203,250	(2,243)	100,529	3,838	87,128	(19,314)	958,841	1,632,658	587,305	2,219,963
<b>Other comprehensive income</b>												
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	1,567	-	1,567	(125)	1,442
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	-	1,567	35,049	36,616	(558)	36,058
<b>At 30 June 2017 (unaudited)</b>	313,446	(12,817)	203,250	(2,243)	100,529	3,838	87,128	(17,747)	993,890	1,669,274	586,747	2,256,021
<b>At 1 April 2018 (audited)</b>	52,241	(12,817)	-	(2,243)	35,368	3,838	87,128	(11,924)	494,194	645,785	5,656	651,441
Profit for the period	-	-	-	-	-	-	-	-	(868)	(868)	0	(868)
<b>Other comprehensive income</b>												
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	(2,568)	-	(2,568)	-	(2,568)
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	-	(2,568)	(868)	(3,436)	-	(3,436)
<b>At 30 June 2018 (unaudited)</b>	52,241	(12,817)	-	(2,243)	35,368	3,838	87,128	(14,492)	493,326	642,349	5,656	648,005

Company	Share capital	Treasury shares	Share premium	Contributed surplus	Retained earnings	Total
<b>At 1 April 2017 (audited)</b>	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loss for the period	313,446	(12,817)	203,250	59,579	36,543	600,001
<b>At 30 June 2017 (unaudited)</b>	313,446	(12,817)	203,250	59,579	36,026	599,484
<b>At 1 April 2018 (audited)</b>	52,241	(12,817)	-	59,579	201,808	300,811
Loss for the period	-	-	-	-	(858)	(858)
<b>At 30 June 2018 (unaudited)</b>	52,241	(12,817)	-	59,579	200,950	299,953

**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 and the number of subsidiary holdings, 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		
		Authorised share capital	Issued share capital	Treasury share	Authorised share capital RMB'000	Issued share capital RMB'000	Treasury share RMB'000
01 April 2018 and 30 June 2018	Balance at beginning and the end of the period	850,000,000	518,855,024	(6,544,000)	86,229	52,241	(12,817)

Note:

The Company had obtained Shareholders' approval at a Special General Meeting of the Company held on 8 February 2018 for the reduction of the issued and paid-up share capital of the Company by cancelling the paid-up share capital of the Company to the extent of HK\$0.50 on each of the shares with a par value of HK\$0.60 in the share capital of the Company in issue ("Capital Reduction") with effect from 26 February 2018 or such other date as the Directors of the Company may determine in accordance with the Companies Act 1981 of Bermuda, and each issued share with a par value of HK\$0.60 shall be treated as one (1) fully paid up share with a par value of HK\$0.10. The Capital Reduction took effect from 26 February 2018.

**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 June 2018 was 518,855,024 (31 March 2018: 518,855,024), of which 6,544,000 (31 March 2018: 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

**1(d)(v) A statement showing all sales, transfer, cancellation and/or use of subsidiary holdings 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 2018, except for the adoption of new and revised International Financial Reporting Standards ("IFRSs") applicable for the financial period beginning on 1 April 2018 as follows:

IFRS 9 Financial Instruments  
IFRS 15 Revenue from Contracts with Customers

**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 2018. The adoption of these new and amended IFRSs did not give rise to significant change to the financial statements.

**6. Earnings 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.**

	<b>Group</b>	
	3 months ended 30 June 2018 (Unaudited)	3 months ended 30 June 2017 (Unaudited)
(Loss)/earnings per share for (Loss)/profit attributable to the owners of the Company during the period (in RMB cents):		
- Basic and Diluted	(0.17)	6.84
(Loss)/earnings per share for (Loss)/profit attributable to the owners of the Company during the period from continuing operations (in RMB cents):		
- Basic and Diluted	(0.17)	6.51

For significant factors that affected the turnover, costs, and earnings of the Group for the current financial period, please refer to Paragraph 8.

**Note:**

The calculation of basic earnings per share was based on the loss attributable to equity holders of the Company of approximately RMB868,000 for the 3 months ended 30 June 2018 (3 months ended 30 June 2017: profit of RMB35,049,000) divided by weighted average of 512,311,024 ordinary shares (excluding treasury shares) (3 months ended 30 June 2017: the weighted average of 512,311,024) during the period.

The calculation of basic earnings per share was based on the loss attributable to equity holders of the Company of approximately RMB868,000 for the 3 months ended 30 June 2018 from continuing operations (3 months ended 30 June 2017: profit of RMB33,345,000) divided by weighted average of 512,311,024 ordinary shares (excluding treasury shares) (3 months ended 30 June 2017: the weighted average of 512,311,024) during the period.

Diluted earnings per share for the period is the same as the basic earnings per share as there is no dilutive potential share (3 months ended 30 June 2017: 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 30/06/2018	As at 31/03/2018	As at 30/06/2018	As at 31/03/2018
<b>Net asset value per ordinary share (in RMB cents)</b>	<b>126.49</b>	<b>127.16</b>	<b>58.55</b>	<b>58.72</b>

Notes:

- (1) The number of ordinary shares of the Company as at 30 June 2018 was 512,311,024 (excluding treasury shares) (31 March 2018: 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 June 2018 was RMB 125.38 cents (31 March 2018: RMB 126.05 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 JUNE 2018 ("1Q2019") COMPARED TO RESULT FROM CONTINUING OPERATIONS OF THE PREVIOUS CORRESPONDING QUARTER ENDED 30 JUNE 2017 ("1Q2018")**

The Shareholders of the Company had approved a distribution, satisfied by a dividend in *specie* of 1,800,000,000 fully-paid ordinary shares with a par value of HK\$0.01 each in the share capital of Sino Harbour Holdings Group Limited ("Sino Harbour Shares") held by the Company in proportion to their respective shareholdings in the Company, on the basis of 3.51349 Sino Harbour Shares for each share of the Company held by an entitled shareholder as at the Books Closure Date on 6 March 2018, fractional entitlements to be disregarded ("Distribution"). The Company held approximately 73.05% of the issued capital of Sino Harbour Holdings Group Limited ("Sino Harbour") prior to the completion of the Distribution.

The Distribution by the Company was recognised at the carrying amount of the net assets of Sino Harbour and its subsidiaries (collectively referred to as "Sino Harbour Group") attributable to the owners of Company as the directors of the Company considered that Sino Harbour was ultimately under the control of the same party before and after the Distribution. Sino Harbour Group is engaged in property development.

Upon the completion of the Distribution on 29 March 2018, the Group ceased to hold any shares in Sino Harbour Group and Sino Harbour Group ceased to be subsidiaries of the Company. Sino Harbour Group's profit the period from 1 April 2017 to 30 June 2017 was presented as ("Profit (loss) for the period from discontinued operations") as the comparative figures in the consolidated financial statements.

The review of financial results for 1Q2019 is presented with comparatives of results of 1Q2018 sourced from continuing operations.

**Revenue**

	3 months ended 30 June 2018	3 months ended 30 June 2017
Revenue from continuing operations (RMB '000)		
Residential	8,595	328,221
Commercial and others	301	10,860
	8,896	339,081

The Group's revenue in 1Q2019 was RMB8.9 million compared to RMB339.1 million in 1Q2018, a decrease of 97.4%. The decrease was mainly due to fewer handover of residential units of Pan Hong Run Yuan (汎港潤園) Phase 1 in 1Q2019.

The revenue in 1Q2019 was primarily derived from the handover of remaining residential units of Pan Hong Run Yuan Phase 1. In comparison, the revenue in 1Q2018 was mainly attributable to more handover of property units of Pan Hong Run Yuan Phase 1 and Huzhou Hua Cui Ting Yuan (湖州華萃庭院) Phase 2.

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**

In line with the decrease in revenue, cost of sales decreased from RMB282.3 million in 1Q2018 to RMB6.6 million in 1Q2019. Accordingly, gross profit decreased from RMB56.8 million in 1Q2018 to RMB2.3 million in 1Q2019.

Gross profit margin increased from 16.7% in 1Q2018 to 25.8% in 1Q2019 as a result of higher selling prices in respect of the high-end units with gross floor area bigger than 200 sq. m. sold for Pan Hong Run Yuan Phase 1 as compared to those units sold for Pan Hong Run Yuan Phase 1 and Huzhou Hua Cui Ting Yuan Phase 2 in 1Q2018.

**Other Income and Other Gains and Losses**

Other income and other gains and losses increased from a loss of RMB1.0 million in 1Q2018 to a gain of RMB4.1 million in 1Q2019. The increase was mainly due to an increase in interest income from various other investments and structured bank balances.

**Selling and Distribution Expenses**

Selling and distribution expenses increased from approximately RMB1.2 million in 1Q2018 to approximately RMB2.4 million in 1Q2019. The higher selling expenses in 1Q2019 was mainly due to an increase in selling and marketing expenses incurred in Pan Hong Run Yuan Phase 2 and Pan Hong Run He (汎港潤合).

**Administrative Expenses**

Administrative expenses remained relatively constant at approximately RMB4.0 million in both 1Q2018 and 1Q2019.

**Finance Costs**

The decrease in finance costs from RMB628,000 in 1Q2018 to RMB565,000 in 1Q2019 was attributable to the decrease in balance of bank loans.

### **Income Tax Expenses**

Income tax expenses decreased from RMB16.5 million in 1Q2018 to RMB334,000 in 1Q2019, mainly due to higher profit in 1Q2018.

### **Profit for the Period from Continuing Operations**

As a cumulative effect of the foregoing factors, the Group's recorded a loss of RMB868,000 in 1Q2019, compared to a profit of RMB33.3 million from in 1Q2018.

### **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 RMB1.4 million in 1Q2018 to a loss of RMB2.6 million in 1Q2019. 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 of RMB3.4 million in 1Q2019, compared to a total comprehensive income of RMB36.1 million in 1Q2018.

## **(b) REVIEW OF FINANCIAL POSITION AS AT 30 JUNE 2018 AND CASH FLOW FOR 1Q2019**

### **Properties Held Under Development**

The Group's properties held under development increased by RMB58.8 million from RMB788.6 million as at 31 March 2018 to RMB847.4 million as at 30 June 2018. The increase was mainly due to the construction progress of Pan Hong Run Yuan Phase 2 and Pan Hong Run He during the period.

### **Properties Held for Sale**

Properties held for sale decreased from RMB130.6 million as at 31 March 2018 to RMB124.0 million as at 30 June 2018, mainly due to the handover of the remaining residential units in Pan Hong Run Yuan Phase 1 to the buyers.

### **Accounts Receivable**

Accounts receivable increased slightly from RMB1.4 million as at 31 March 2018 to RMB1.5 million as at 30 June 2018, mainly due to exchange difference.

### **Prepayments and Other Receivables**

The Group's prepayments and other receivables increased from RMB157.2 million as at 31 March 2018 to RMB160.0 million as at 30 June 2018. The increase was mainly due to the increase of prepayments in continuing development of Pan Hong Run Yuan Phase 2 and Pan Hong Run He during the period.

### **Other Investments**

As at 31 March 2018, the Group had other investments which bore interest rates ranging from 4.3% to 4.6% per annum and had maturity up to one month. As at 30 June 2018, the Group had disposed all other investments and the balance was nil.

### **Accounts Payable, Accruals, Receipts in Advance and Other Payables**

Accounts payable increased to RMB8.1 million as at 30 June 2018 from RMB7.5 million as at 31 March 2018 due to an increase in amounts payable to suppliers for construction costs incurred in respect of the Group's properties held under development.

Accruals, receipts in advance and other payables increased from RMB798.0 million as at 31 March 2018 to RMB1,070.0 million as at 30 June 2018. Accruals, receipts in advance and other payables comprised mainly 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 June 2018. The increase in accruals, receipts in advance and other payables was mainly due to an increase in advance receipts from the customers of Pan Hong Run Yuan Phase 2 and Pan Hong Run He during the pre-sale stage.

### **Provision for Tax**

Provision for tax decreased from RMB58.0 million as at 31 March 2018 to RMB55.3 million as at 30 June 2018. The increase was mainly attributable to payment of tax liabilities in 1Q2019.

### **Bank Loans**

As at 30 June 2018, the Group had bank loans of RMB47.8 million, a decrease from RMB100.4 million as at 31 March 2018, mainly due to the repayment of bank borrowing during the period.

Bank loans of approximately RMB16.9 million were secured by the Group's property, plant and equipment as at 30 June 2018. Bank loans of approximately RMB30.9 million were mainly secured by deposits of RMB32.5 million which were classified as pledged deposits as at 30 June 2018.

Based on the Group's total equity of RMB648.0 million and deposit collateral of RMB32.5 million, the Group recorded a net gearing ratio (total bank and other loans/ total equity) of 7.4% as at 30 June 2018, compared to 15.4% as at 31 March 2018.

### **Cash Flow Analysis**

In 1Q2019, the Group recorded RMB209.5 million of net cash generated from operating activities which was mainly attributable to the increase in advance receipts from customers.

Net cash generated in investing activities in 1Q2019 amounted to RMB18.0 million, mainly due to the net effect of disposal of other investments, a decrease in pledged deposits with original maturity over three months and an increase in structured bank deposits.

Net cash used in financing activities in 1Q2019 amounted to RMB56.4 million, mainly due to the repayment of borrowings.

As at 30 June 2018, the Group had cash and cash equivalents of RMB373.9 million.

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

The first quarter financial results for the three months ended 30 June 2018 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 People's Republic of China ("PRC") has been improving gradually as evidenced by official data published by the National Bureau of Statistics. Official data indicated that new home prices recorded a month-on-month increase in May and June 2018 of 61 and 63 out of a statistical pool of 70 major PRC cities respectively. On a year-on-year basis, 61 out of 70 PRC cities recorded a higher price in June 2018.

### Company Update

#### Property Pre-sales

The cumulative results for the pre-sale and handover of properties under each project up to 2 August 2018 are summarized as follows:

#### Residential Units

	Pan Hong Run Yuan Phase 2	Pan Hong Run He
Est. total GFA released for sale (total units)	96,720 sq.m.	55,949 sq.m.
	750 units	510 units
Est. total GFA pre-sold (total units)	94,956 sq.m.	42,091 sq.m.
	738 units	408 units
Percentage of pre-sold	98%	75%
Pre-sale GFA (units pre-sold) not handed over to buyers as at 30 June 2018 <sup>^</sup>	94,956 sq.m.	42,091 sq.m.
	738 units	408 units
Pre-sale value not handed over to buyers as at 30 June 2018 <sup>^</sup> (RMB)	822.0 million	354.0 million
ASP per sq m*	RMB 8,657	RMB 8,410
Expected completion date	CY2019 Q3	CY2020 Q2

\*: 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.

<sup>^</sup>: 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 June 2018.

### Company Strategies

The Group will continue to work on its sales of existing projects and focus on the launch of the pre-sales in the coming financial year. The Group is also exploring suitable business opportunities to diversify its core business as it believes that this will provide opportunities to expand its income sources.



**11. 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 30 June 2018.

**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 Lam Ping

Chairman

14 August 2018



**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 first quarter ended 30 June 2018 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 Director

Wang Cuiping  
Executive Director

Date: 14 August 2018