



汎港地產集團
PAN HONG PROPERTY GROUP

PRESS RELEASE

PAN HONG ACHIEVES RMB 49.6 MILLION NET PROFIT FOR FY2006

SINGAPORE, 12 February 2007 – China-based property developer, Pan Hong Property Group Limited, today reported a full year net profit of **RMB49.6m** on revenue of **RMB151.3m** for the financial year ended 31 December 2006.

This compares with a net profit of **RMB58.5m** on revenue of **RMB288m** in the previous financial year. The decline in revenue was in line with market expectation as income from several major property developments is expected to flow in only from FY2007 onwards. Wuxing Bailidian (吴兴区八里店), Pan Hong's sole property launch in 2006, contributed RMB63.7m to Group sales. The remaining revenue contribution was mainly from projects completed in 2005, such as Phase One of Huzhou Zhili, and Huzhou Liyang Yuan.

The Group's net profit margin was **32.8%** in 2006, compared with **20.3%** in the previous year, boosted by higher average selling prices (ASP) across all of its developments. This reflects the booming property market in China, particularly in the 2nd and 3rd tier cities such as Huzhou and Nanchang, where Pan Hong is strategically positioned.

Net asset value per share rose to **RMB1.39** from **RMB0.27**, while cash and cash equivalents increased to **RMB221.4m**, from **RMB15.2m** at the close of 2005.

Executive Chairman, Mr Wong Lam Ping said, "2006 was a good year for us, with continued profits from our existing projects, and a successful listing on the Singapore Exchange. This is a time for us to position ourselves for rapid growth for the next few years. In 2007, we will be launching three major projects, all located at prime districts."

The highlight of these will be the award winning Nanchang Honggu Kaixuan (南昌红谷凯旋), a landmark development in the heart of Nanchang's Central Business District. Nanchang is one of the fastest growing cities in China with an annual GDP growth of 18.6%, and listed by Newsweek as one of the 10 Hottest Cities in the World. The Nanchang Honggu Kaixuan development comprises 33 high-rise apartment blocks housing 2,139 residential and commercial units with a combined GFA of 390,000 sqm. The sales for the first phase is expected to start in 2Q07, and the selling price range is expected to be from RMB5,000 to RMB6,000 per sq m. The entire project will be completed over 3 phases from 2007 to 2011.



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Two other projects to be launched in 2007 are Hua Cui Ting Yuan (华萃庭院), a 832-unit cluster housing development located at the prime tourist destination of Taihu Lake, Huzhou City and Hangzhou Liyang Yuan (杭州丽阳苑), a 335-unit residential-cum-commercial development near the Xihu Scenic Zone of Hangzhou City

These two developments provide exclusive locations and designs that are in line with the Group's objective to provide premium residential and commercial facilities to cater to the middle to upper-middle income group.

Outlook and Future Plans

The property market for 2nd and 3rd tier cities in the PRC such as Huzhou and Nanchang is expected to strengthen, alongside rising disposable income per capita and growing consumer affluence. The increase in urbanisation levels, coupled with government policies encouraging private property ownership in recent years, should also help to boost demand for better quality housing in the property market.

The Group will continue to seek new and suitable land reserves to meet the demands of this growing market segment. On 14 December 2006, the Group entered into a sale and purchase agreement to acquire a 90% stake for 4 parcels of land located in Beihai City, with a planned GFA of about 381,000 square metres. The land was acquired for a total consideration of RMB101.5m and funded from proceeds of the IPO and internal resources.

The parcels of land are located along the China Government's planned Tourism Belt in Beihai City. In the Masterplan released in April 2006, the seafront stretch of about 38 square kilometres will be developed into a premier tourist location, with a mix of waterfront hotels, recreational areas and high-end residences. The Group believes there is great potential for property development in this area, given the comprehensive plans by the government authorities.

Mr Wong said, "There is significant upside potential in the selling prices of property in the developing 2nd and 3rd tier cities. With our strategically located land banks and extensive experience in the China property market, I believe that Pan Hong is well positioned to provide quality developments to meet the growing demand"

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ABOUT PAN HONG

Pan Hong Property Group Limited is a niche property developer currently engaged in the development and design of quality residential and commercial properties in second and third tier cities in the PRC, such as Hangzhou and Huzhou of Zhejiang Province and Nanchang of Jiangxi Province. With more than 20 years of experience in the Chinese property development market under their belt, the Group has been responsible for notable development projects, such as the Hangzhou Yazhoucheng Garden, the Huzhou Jinquan Garden, and the Nanxun Yazhoucheng Garden.

Bearing testimony to Pan Hong's operation excellence and quality developments, the Group was awarded the "Huzhou City Outstanding Property Development" in 2003, and the "China IACE International Habitat Award" in 2005, for its Nanchang Honggu Kaizuan project. Pan Hong was recently listed on the Singapore Exchange on 20 September 2006, and has to date successfully established for itself, a brand name that is associated with quality property developments catered to the middle to upper-middle income level residents in each city. In addition to the development of residential and commercial properties, Pan Hong also owns commercial units for investment purposes and rental income.

More information on Pan Hong can be found at <http://www.pan-hong.com>

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