

**The Board of Directors of Pan Hong Property Group Limited (“the Company”) wishes to announce its reply in response to the email queries by the Singapore Exchange Limited on 10 August 2007 pertaining to the announcement of the Group’s 2Q results ended 30 June 2007 released on 2 August 2007 :**

**Question : Upon review of the Company's Second Quarter 2007 results announced on 2 August 2007, we note that the Group's increase in profits were substantially boosted by an increase in "Other Income and gains".**

**Please elaborate on the composition of the "Other income and gains" by the various sources of income and what they pertain to and also to provide the reasons for the substantial increase from the "Other income and gains".**

**Response:**

The composition of the “Other Income and Gains” is as follows:

	<b>3 months ended 30/6/2007 AMOUNT (RMB'000)</b>
Interest income	697
Rental income	15
Agency and commission income	17,176
Investment gain	381
Miscellaneous income	625
	<hr/> <b>18,894</b> <hr/>

The substantial increase in the “Other Income and Gains” was mainly attributed to the significant amount of agency and commission income received by the Group.

Agency and commission income represented the revenue arose from the agency services provided to the construction material suppliers (“suppliers”) by introducing them to the construction contractors (“contractors”). The agency and commission income was calculated based upon a specified percentage of the total amount of the acquisition of the construction materials made by the contractors from the suppliers.

The agency and commission income was a newly created source of revenue of our Group. Under the quarter review, the Group had received in excess of RMB 17 million agency and commission income as the total amount of the acquisitions of construction materials made by the contractors from the suppliers for the first half year of 2007 was over RMB400 million.

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

Wong Lam Ping  
Executive Chairman

12 August 2007