



**For immediate release**

## **Pan Hong Announces 2Q2012 Results Gross Profit up 69% to RMB59.2 million**

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**Focus on Sustainability by Investing in Projects Favoured by  
Government and Community, and Eco-friendly**

### **Key Highlights**

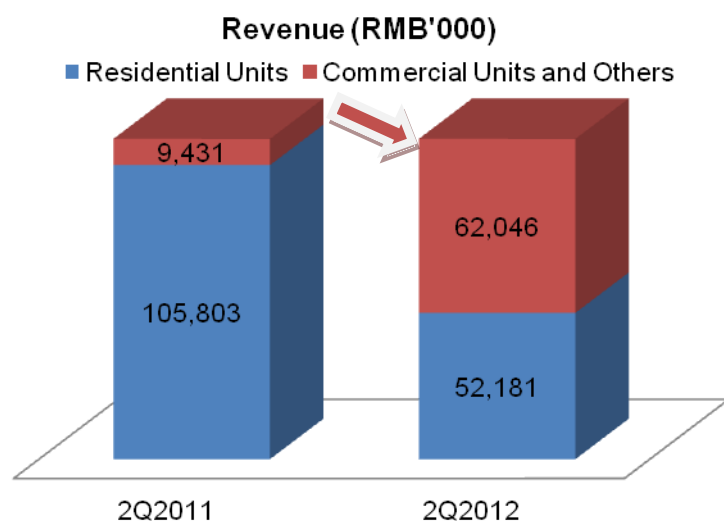
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-  2Q2012 Gross profit increased 69% to RMB59.2 million from 2Q2011's RMB35.0 million
  -  Gross profit margin improved to 51.8% in 2Q2012 from 30.4% in 2Q2011.
  -  2Q2012 operating profit increased 14.2% to RMB39.7 million from 2Q2011's RMB34.7 million
  -  Gearing ratio improved to 8.2% in 2Q2012, a leading position among listed peers
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**Singapore, 14 November 2011** – Pan Hong Property Group Limited (“Pan Hong” or the “Group”, 汎港地產集團) (SGX: P36), a recognized Hong Kong property developer that focuses primarily on developing high-end residential and commercial properties in the high growth second to third tier cities in the PRC, announced its interim results for the six months ended 30 September 2011 (“the period under review”, “2Q2012”).

During the period under review, the Group’s revenue decreased slightly by 0.9% to RMB114.2 million from RMB115.2 million for the period ended 30 September 2010 (“2Q2011”). But with a 31.4% lower cost of sales, the group improved its operating profit for 2Q2012 by 14.2% to RMB39.7 million from 2Q2011’s RMB34.7 million.

The decrease in revenue was mainly due to the decrease in the sales of residential units, compared to 2Q2011. Sale of residential property in 2Q2012 was RMB52.2 million compared to RMB 105.8 million in 2Q2011. Sales of commercial and other units increased to RMB62.0 million compared to RMB9.4 million in 2Q2011.



Commercial property has a much higher gross profit margin compared with residential property. As the proportion of sales recognised from commercial units in 2Q2012 was significantly higher than that in 2Q2011, cost of sales decreased 31.4% to RMB55.0 million from 2Q2011's RMB80.2 million, resulting in a 69.0% increase of gross profit to RMB59.2 million from 2Q2011's RMB35.0 million. Hence gross profit margin improved to 51.8% in 2Q2012 from 30.4% in 2Q2011.

**Mr Wong Lam Ping (汪林冰), Executive Chairman**, commented, "The Group managed to maintain a healthy profit margin despite market unsteadiness. The Group will closely monitor any development or changes in the property market and stay nimble and astute in timing its development and launches of sales of residential and commercial properties."

In 2Q2012, Nanchang Honggu Kaixuan (南昌红谷凯旋) proved a success and was the main contribution to the earnings for the period under review. In 2Q2012, the Group's revenue of approximately RMB110.0 million was primarily derived from the delivery of both residential and commercial units of Nanchang Honggu Kaixuan, as well as the car park lots in this project.

In addition, Sino Harbour Property Group ("Sino Harbour"), the spin-off of the Group's business in Jiangxi Province, was successfully listed on the Hong Kong stock exchange in July 2011. For the period under review, Sino Harbour improved its revenue and gross profit significantly, making a positive contribution to the earnings of the Group.

As a result of Sino Harbour's listing, the administrative expenses in 2Q2012 increased 402.6% to RMB19.4 million from 2Q2011's RMB3.9 million. High advertising and promotional fees were spent during 2Q2011 compared to 2Q2012 due to increase in advertising cost, staff salaries and the expenses incurred to set up a show room in new launching projects. Selling expenses in 2Q2012 dropped 67.1% to RMB1.6 million from 2Q2011's RMB5.0 million. As a result, operating profit in 2Q2012 increased 14.2% to RMB39.7 million from 2Q2011's RMB34.7 million.



As at 30 September 2011, the Group had total borrowings of RMB241.5 million, a decrease from RMB364.8 million as at 31 March 2011 due mainly to repayment of borrowing. Of these borrowings as at 30 September 2011, a bank loan of HKD118.5 million (approximately RMB97.1 million) was secured by a deposit of RMB106.0 million which was classified as “Pledged bank deposit” as at 30 September 2011.

Based on its total equity of RMB1.65 billion and a deposit collateral of RMB106.0 million, the Group’s gearing ratio as at 30 September 2011 was 8.2%, an improvement from 15.0% as at 31 March 2011.

Commenting on future plans, **Mr Wong Lam Ping (汪林冰)** noted, “The Group prides itself in its longtime low gearing ratio among its listed peers. In the next few years, the Group intends to quicken its pace of property development, intensifying sales and pre-sales of existing properties and maintaining financial prudence and a strong cash flow position. Pan Hong will continue its footsteps in the high growth second to third tier cities in the PRC.”

The Group’s Yichun project features elderly facilities, supported by the government, is a testament to Management’s forward thinking ability and far-sighted strategy. By the same token, the Group will consider investing in projects which are favoured by the government and the community. The Group is also in consideration of developing eco-projects that are more sustainable. “Management favours projects that align with the expectation of both the government and residents, sustaining the well-being of the Group by delivering quality projects and garnering good-will”, concluded **Mr Wong Lam Ping (汪林冰)**.

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### **About Pan Hong Property Group Limited (SGX: P36)**

Pan Hong Property Group Limited 汎港地產集團 is a pioneering and recognized property developer that focuses primarily on developing high quality residential and commercial properties in second to third tier cities in the PRC, with its headquarter and management team based in Hong Kong.

Backed by over 20 years of experience in the Chinese property development industry, Pan Hong has established a strong presence in Central China, especially in Zhejiang and Jiangxi provinces.

As a testament to the quality of Pan Hong’s property developments, the Group has received several awards such as ‘Professional Property Developer of International Standard’. Pan Hong was listed on the Singapore Exchange on 20 September 2006. It is one of the few listed property companies with low gearing.



汎港地產集團  
PAN HONG PROPERTY GROUP

## PAN HONG PROPERTY GROUP LIMITED

After it spun off Sino Harbour Property Group to the Stock Exchange of Hong Kong Limited since July 2011, Pan Hong will focus more on the property development in Zhejiang Province, and continue to explore business opportunities in high growth second to third tier cities in the PRC.

Pan Hong was listed on the Singapore Exchange on 20 September 2006.

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