

PAN HONG PROPERTY GROUP LIMITED

(Incorporated in Bermuda)

(Registration Number: 37749)

汎港地產集團
PAN HONG PROPERTY GROUP

**ADDITIONAL INFORMATION TO THE 3rd QUARTER FINANCIAL STATEMENT
ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2011**

The Board of Directors of Pan Hong Property Group Limited (the “Company”, or together with its subsidiaries the “Group”) refers to the Group’s 3rd quarter financial statement (“Results Announcement”) released to SGX-ST on 13 February 2012 and would like to provide the following additional information in reply to the query raised by SGX-ST on 15 February 2011:

Question:

It is stated on page 10 of the results announcement that administrative expenses in 3Q2012 had increased 79.7% to RMB7.5 million from RMB4.2 million in 3Q2011. The higher administrative expenses in 3Q2012 was due mainly to an increase in salary expenses, maintenance expenses as well as rental expenses for new office in Huzhou City. In this respect, please provide a breakdown of the material items contributing to the significant increase.

Response:

As set out on page 10 of the 3rd quarter financial statement announcement for the nine months ended 31 December 2011, the increase of the Group’s administrative expenses was mainly attributable to the increase of salary expenses (including staff costs), maintenance expenses as well as rental expenses. The breakdown of the material items contributing to the increase are as follows:

Nature	Increase
Salary Expenses (Including Staff Costs)	RMB1.3 million
Rental Expenses	RMB0.3 million
Maintenance Expenses	RMB0.2 million
Total	RMB1.8 million

By Order of the Board

Wong Lam Ping
Executive Chairman

16 February 2012