汎港地產集團
PAN HONG PROPERTY GROUP

For immediate release

Pan Hong posts FY2012 profit after tax of RMB177.6 million

Key Highlights

- As at 31 March 2012, the Group's gross profit margin improved to 42.8%
- The Group's iconic development, Fuzhou Hua Cui Ting Yuan (抚州华萃庭院), has attracted strong buyer interest, proven by its strong pre-sales figures
- Gearing ratio improved to a record-breaking 0.15% as at end of FY2012, a leader among listed peers; financially strong to weather the volatile market

Singapore, 28 May 2012 – Pan Hong Property Group Limited ("Pan Hong" or the "Group", 汎港地产集团) (SGX: P36), a recognised 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, today announced a profit after tax of RMB177.6 million for the full year ended 31 March 2012 ("FY2012" or "period under review"), a decline of 24.6% compared to RMB235.5 million for FY2011.

During the period under review, the Group recorded a lower revenue of RM577.4 million compared to RMB768.8 million achieved in FY2011. Revenue from development properties for FY2012 comprised of 334 residential units sold in Nanchang Honggu Kaixuan Phase 2 (南昌红谷凯旋二期), 203 residential units sold in Fuzhou Hua Cui Ting Yuan Phase 1 (抚州华萃庭院一期) and 32 commercial units sold in Nanchang Honggu Kaixuan Phase 1 and Phase 2 (南昌红谷凯旋一、二期).

On the operating front, the Group incurred lower Selling and distribution expenses of RMB5.8 million, a decrease of 58.0% compared to RMB13.7 million in FY2011. The decrease was due mainly to the higher advertising and promotional expenses for the launch of Fuzhou Hua Cui Ting Yuan Phase 1 in FY2011 as well as a decrease in commission expenses in line with the lower revenue in Zhejiang Province in FY2012. As commercial property has a higher gross profit margin than residential property and the proportion of sales recognised from commercial units in FY2012 was higher than that in FY2011, the Group's gross profit margin increased to 42.8% in FY2012 from 39.1% in FY2011.

Other income and gains increased 48.3% from RMB81.5 million in FY2011 to RMB120.9 million in FY2012, due mainly to the gain on disposal of Hailian project which amounted to RMB90.4 million. Administrative expenses increased to RMB31.3 million, a rise of 45.8% from RMB21.5 million in FY2011, due mainly to increase in salaries and professional expenses in line with the Group's business development.

Other operating expenses rose 360.0% from RMB1.3 million in FY2011 to RMB5.9 million in FY2012, which was due mainly to the rise in net fair value loss of financial assets at fair value through profit or loss.

For FY2012, the Group's basic earnings per share declined to 28.49 RMB cents, from 45.62 RMB cents in FY2011. Its net asset value per share was 344.75 RMB cents as at end of FY2012, a 30.5% increase from FY2011.

To thank shareholders for their continued support, the directors have proposed a final dividend of 0.1 Singapore cents per share based on 515,395,024 ordinary shares in issue, subject to approval of shareholders at the next Annual General Meeting.

The Group remains in a strong financial position with a net cash position with cash and cash equivalents totaling RMB144.8 million. Based on its total equity of RMB1.78 billion and deposit collateral of RMB38.0 million, the Group recorded a low gearing ratio of only 0.15% as at 31 March 2012, a vast improvement from 15.0% as at 31 March 2011. Strong financial prudence and health are key at such unstable times for the property market.

Mr. Wong Lam Ping (汪林冰), Executive Chairman, commented, "Despite the central government's unswerving property curbs, Pan Hong Property Group has remained resilient in these challenging times by focusing on our core competencies to ensure sustainable growth rather than short-term gain. While the Group still believes in the long term potential of the PRC real estate sector which is driven by a strong domestic economy, it has begun exploring opportunities to grow its core property development business in promising markets such as Africa. We are proud to announce that Pan Hong has achieved record-breaking low gearing in FY2012. Investing wisely and staying resilient at such difficult times is our primary goal, which will prepare us for a brighter future."

As of 18 May 2012, the total unbilled sales (pre-sale value not handed over to buyers) comprising of residential and commercial units was RMB387.0 million with Gross Floor Area of 60,990 sqm. Such sales are expected to be recognised as revenue in future.

The recently launched iconic development Fuzhou Hua Cui Ting Yuan Phase 1 (抚州华萃庭院一期) is a project which started with the townhouse concept and is so far the only residential property in the area that incorporates traditional Chinese culture into its design. The unique and beautiful architecture attracted strong interest from home buyers. As at 18 May 2012, the Group has presold 486 out of the total 581 units of the project, an outstanding 80% take-up rate. The Group has decided to expedite the development of Fuzhou Hua Cui Ting Yuan Phase 2.

Another one of the Group's latest developments is the Yichun Royal Lake City located east of Jiangxi province. Aside from proximity to lush nature, the upmarket residential development has incorporated traditional Chinese architecture combined with Western design. Yichun Royal Lake City's family-centric design concept features a recuperation facility club for seniors within the compound, and is easily accessible to quality schools as well as other recreational facilities such as a botanic garden and an amusement park. Its aesthetically pleasing architecture and community friendly features have received both praise from the local government and garnered healthy interest from property buyers.

The healthy take-up rate and strong interest from home buyers testify to the Group's long-term strategy to develop projects in second- to third-tier cities like Yichun which have benefitted from growing employment, improving quality and standard of living and hence able to sustain demands for residential properties and weather market slowdown.

The Group's top management is in talks with relevant government entities to discuss the feasibility of environmental-friendly developments. The Group 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.

As **Executive Chairman Mr. Wong Lam Ping (汪林冰)** puts it: "Pan Hong will continue to do what we do best—develop high-quality, innovative residential projects in second- to third-tier cities for residents looking for a home and high-standard living. We will closely monitor the PRC government's policies and time the launch of our properties in accordance with market demand. We will also continue to expand our land bank.

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About Pan Hong Property Group Limited (SGX: P36)

Pan Hong Property Group Limited 汎港地产集团 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.

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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