



汎港地產集團
PAN HONG PROPERTY GROUP

PAN HONG PROPERTY GROUP LIMITED
(Incorporated in Bermuda on 20 December 2005)

**2ND QUARTER FINANCIAL STATEMENT ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 30 JUNE 2007**

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group's Income Statement for 2nd Quarter ended 30 June 2007. These figures have not been audited.

Revenue	846	38,229	-100.0%	4,973	71,562	-90.0%
Cost of sales	517	22,478	-100.0%	2,641	42,260	-90.0%
Gross profit	329	15,751	-100.0%	2,332	29,302	-90.0%
Other income and gains	18,894	-	NM	98,445	178	55210.0%
Revaluation surplus of investment properties	-	-	NM	-	5,880	-100.0%
Selling expenses	(313)	(588)	-50.0%	(1,893)	(609)	210.0%
Administrative expenses	(3,259)	(923)	250.0%	(6,001)	(3,402)	80.0%
Other operating expenses	(9)	(672)	-100.0%	(179)	(935)	-80.0%
Operating profit	15,642	13,568	20.0%	92,704	30,414	200.0%
Finance costs	-	-	NM	-	(326)	-100.0%
Share of profit / (loss) of an associate	-	7	-100.0%	-	(68)	-100.0%
Profit before taxation	15,642	13,575	20.0%	92,704	30,020	210.0%
Taxation	50	(5,234)	NM	(462)	(11,396)	NM
Profit for the period	15,692	8,341	90.0%	92,242	18,624	400.0%
Attributable to:						
Equity holders of the Company	15,751	8,251	90.0%	84,523	18,426	360.0%
Minority shareholders	(59)	90	-170.0%	7,719	198	3800.0%
	15,692	8,341	90.0%	92,242	18,624	400.0%
Earnings per share (RMB cents)	3.28	2.29	40.0%	17.61	5.12	240.0%

NM: Not Meaningful



Note:

	Group			
	3 months ended 30/06/2007	3 months ended 30/06/2006	6 months ended 30/06/2007	6 months ended 30/06/2006
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit before taxation is stated after charging / (crediting) the followings:				
Depreciation of property, plant and equipment	169	131	318	218
Less: amount capitalized in properties held under development	(49)	(34)	(99)	(52)
	120	97	219	166
Borrowing costs	2,000	2,783	3,970	3,733
Less: amount capitalized in properties held under development	(2,000)	(2,783)	(3,970)	(3,407)
	-	-	-	326
Loss on disposal of property, plant and equipment	-	-	(17)	-
Operating lease charges in respect of land and buildings	5	173	252	193
Less: amount capitalized in properties held under development	-	(13)	(26)	(26)
	5	160	226	167
Staff costs, including directors' emoluments	1,356	411	2,840	843
Contribution to retirement benefits plans	11	21	32	45
	1,367	432	2,872	888
Less: amount capitalized in properties held under development	(466)	-	(957)	(152)
	901	432	1,915	736
Fair value gain of investment properties	-	-	-	(5,880)
Excess of acquirer's interests in the net fair value of of acquiree's identifiable assets, liabilities and contingent liabilities over cost	-	-	(77,777)	-



1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30/06/2007 Unaudited RMB'000	31/12/2006 Audited RMB'000	30/06/2007 Unaudited RMB'000	31/12/2006 Audited RMB'000
ASSETS AND LIABILITIES				
NON-CURRENT ASSETS				
Investment properties	35,338	35,338	-	-
Property, plant and equipment	4,992	4,740	-	-
Goodwill	6,254	6,030	-	-
Available-for-sales financial assets	120	-	-	-
Interests in subsidiaries	-	-	278,608	278,608
Interests in an associate	50,946	-	-	-
Deposit paid	-	30,000	-	-
	97,650	76,108	278,608	278,608
CURRENT ASSETS				
Properties held under development	752,671	291,394	-	-
Properties held for sale	41,728	42,809	-	-
Account receivables	36,427	51,159	-	-
Deposit, prepayments and other receivables	42,257	52,311	1,455	112
Amount due from related parties	203	-	189,195	195,820
Cash and bank balances	161,197	221,356	92	92
	1,034,483	659,029	190,742	196,024
CURRENT LIABILITIES				
Accounts payable	580	9,637	-	-
Accruals, advance receipt and other payables	216,058	26,951	761	350
Provision for tax	11,814	17,017	-	-
Amount due to related companies	-	29	375	375
Amount due to a minority shareholder	71,505	-	-	-
	299,957	53,634	1,136	725
NET CURRENT ASSETS	734,526	605,395	189,606	195,299
TOTAL ASSETS LESS CURRENT LIABILITIES	832,176	681,503	468,214	473,907
NON-CURRENT LIABILITIES				
Borrowings	110,000	110,000	-	-
Shareholder's loan	51,093	17,794	-	-
Deferred taxation	5,713	5,713	-	-
NET ASSETS	665,370	547,996	468,214	473,907
EQUITY				
Share capital	292,164	292,164	292,164	292,164
Share premium	116,727	116,727	116,727	116,727
Reserves	184,173	106,442	59,323	65,016
EQUITY ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS	593,064	515,333	468,214	473,907
Minority interests	72,306	32,663	-	-
TOTAL EQUITY	665,370	547,996	468,214	473,907

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/06/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	71,505	-	29

Amount repayable after one year

As at 30/06/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
110,000	51,093	110,000	17,794

Details of any collateral

The Group's interest-bearing bank borrowings are secured by the pledge of certain land use rights of the Group.

Other borrowings represented the outstanding amount of consideration amounted to approximately RMB71.5 million payable to the Vendor of the acquisition of 90% equity interests in Ever Sure Group at 30 June 2007. The outstanding amount is interest-free, unsecured and will be repaid on or before 31 August 2007.



1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	Unaudited		Unaudited	
	3 Months ended	3 Months ended	6 Months ended	6 Months ended
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flow from operating activities				
Profit before taxation	15,642	13,575	92,704	30,019
Adjustment for:				
Interest income	(107)	-	(1,550)	(19)
Interest expense	-	-	-	326
Depreciation	120	97	219	166
Excess of the Group's interests in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost of business combinations arising on acquisition	-	-	(77,777)	-
Fair value change of investment property	-	-	-	(5,880)
Share of losses in associates	-	7	-	82
Operating cash flow before reinvestment in working capital	15,655	13,679	13,596	24,694
Increase / (decrease) in properties held under development	(207,164)	11,066	(233,466)	(16,327)
Decrease / (increase) in account & other receivables, prepayments and deposits paid	66,137	(13,949)	31,115	(10,428)
Decrease in amount due from a related party	1,406	139	1,406	26,159
Increase / (decrease) in account and other payables, accruals and receipts in advance	178,942	17,947	172,557	(5,901)
(Decrease)/increase in amount due to related parties	7	(9)	(22)	(19,898)
Cash generated from / (used in) operations	54,983	28,873	(14,814)	(1,701)
Income taxes paid	(5,228)	(20,653)	(5,665)	(22,496)
Net cash generated from / (used in) operating activities	49,755	8,220	(20,479)	(24,197)
Cash flow from investing activities				
Purchases of property, plant and equipment	(143)	(65)	(620)	(96)
Purchases of available-for-sales financial assets	-	-	(120)	-
Investment in an associate	(50,946)	-	(50,946)	(2,060)
Acquisition of subsidiaries, net of cash acquired	170	-	671	763
Dividend paid	(4,800)	-	(4,800)	-
Interest received	107	-	1,550	19
Net cash used in investing activities	(55,612)	(65)	(54,265)	(1,374)
Cash flow from financing activities				
New loan made to a minority shareholder	-	-	(2,000)	-
Repayment to loan made to a minority shareholder	-	-	392	-
New bank loans and other loans	-	9,400	-	29,400
Repayment to bank loans	-	-	-	(7,000)
Increase in shareholder's loan	20,580	7,011	20,580	18,983
Interest paid	(2,000)	-	(2,000)	(950)
Net cash generated from financing activities	18,580	16,411	16,972	40,433
Net increase / (decrease) in cash and cash equivalents	12,723	24,566	(57,772)	14,862
Effect of foreign exchange difference	(1,992)	221	(2,387)	849
Cash and cash equivalents at beginning of period	150,466	6,158	221,356	15,234
Cash and cash equivalents at end of period	161,197	30,945	161,197	30,945



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Equity attributable to equity holders of the Company									
	Share capital	Share premium	Merger reserve	Statutory reserve	Exchange reserves	Retained earnings	Proposed final dividend	Total	Minority interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2006	200,232	16,546	-	-	(86)	71,192	-	287,884	29,928	317,812
Profit for the period	-	-	-	-	-	8,251	-	8,251	90	8,341
Exchange difference (net income / (expense) recognized directly to the equity)	-	-	-	-	216	-	-	216	(641)	(425)
Total income and expenses recognized during the period	-	-	-	-	216	8,251	-	8,467	(551)	7,916
Transfer to statutory reserves	-	-	-	6,058	-	(6,058)	-	-	-	-
At 30 June 2006	200,232	16,546	-	6,058	130	73,385	-	296,351	29,377	325,728
At 1 April 2007	292,164	116,727	(2,243)	6,058	(1,773)	168,372	4,800	584,105	60,360	644,465
Profit for the period	-	-	-	-	-	15,751	-	15,751	(59)	15,692
Payment of dividend	-	-	-	-	-	-	(4,800)	(4,800)	-	(4,800)
Exchange difference (net income / (expense) recognized directly to the equity)	-	-	-	-	(1,992)	-	-	(1,992)	-	(1,992)
Total income and expenses recognized during the period	-	-	-	-	(1,992)	15,751	(4,800)	8,959	(59)	8,900
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	12,005	12,005
At 30 June 2007	292,164	116,727	(2,243)	6,058	(3,765)	184,123	-	593,064	72,306	665,370

Company	Share capital	Share premium	Contributed Surplus	Statutory reserve	Exchange reserves	Retained earnings	Proposed final dividend	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April and 30 June 2006	1,000	-	-	-	-	-	-	1,000
At 1 April 2007	292,164	116,727	59,579	-	-	51	4,800	473,321
Payment of dividend	-	-	-	-	-	-	(4,800)	(4,800)
Loss for the period	-	-	-	-	-	(307)	-	(307)
At 30 June 2007	292,164	116,727	59,579	-	-	(256)	-	468,214



- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no significant change in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have neither been audited nor reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted the same accounting policies and methods of computations as stated in the audited financial statements for the year ended 31 December 2006, except for the adoption of the amended International Financial Reporting Standards (IRFSs) which become effective for financial year beginning on or after 1 January 2007. The adoption of these amended IFRSs did not give rise to significant change to the financial statements.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Please refer to (4) above.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group			
	3 Months ended	3 Months ended	6 Months ended	6 Months ended
	30/6/2007	30/6/2006	30/6/2007	30/6/2006
Earnings per ordinary share of the group (in RMB cents):				
(a) Based on weighted average number of ordinary shares on issue; and	3.28	2.29	17.61	5.12
(b) On a fully diluted basis	NA	NA	NA	NA

Note: The calculations of basic earnings per share are based on the profits attributable to equity holders of the Company of approximately RMB15,751,000 for 2Q 2007 and RMB84,523,000 for 1H 2007 (3 months ended 30 June 2006: RMB8,251,000 and 6 months ended 30 June 2006: RMB18,426,000) divided by the weighted average of 480,000,000 for both 2Q 2007 and 1H 2007 (3 months ended 30 June 2006 and 6 months ended 30 June 2006: 360,000,000) ordinary shares during the periods. In determining the weighted average of shares, the 360,000,000 ordinary shares (after consolidation) issued as consideration in Reorganization Exercise were deemed to have been in issue on 1 January 2005.

Diluted earnings per share for the period has not been presented as there is no dilutive potential share for the three months ended 30 June 2007 and 2006.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:

- (a) current financial period reported on; and**
(b) immediately preceding financial year.

RMB cents	Group		Company	
	30/6/2007	31/12/2006	31/3/2007	31/12/2006
Net asset value per ordinary share based on issued share capital at the end of the period:	138.62	114.2	97.54	98.73

Note: Net asset value per ordinary share was calculated based on:

- the shareholder's equity of our Group / Company at 30 June 2007 and 31 December 2006; and
- the issued ordinary shares at 30 June 2007 and 31 December 2006 of 480,000,000 ordinary shares.



8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(a) REVIEW OF FINANCIAL RESULTS

Revenue

Revenue (RMB'000)	3 months ended 30/6/2007	3 months ended 30/6/2006
Residential	575	11,501
Commercial	113	21,228
Others including car parks lots	158	5,500
	846	38,229

Group revenue for the second quarter ended 30 June 2007 ("2Q 2007") was mainly derived from the sales of the remaining residential and commercial units of Huzhou Liyang Jingyuan Phase 1 (湖州丽阳景苑第一期) ("Huzhou Liyang"), and Huzhou Xinya Jiayuan (湖州馨雅家园) ("Huzhou Xinya Jiayuan")

Due to the lower gross floor area ("GFA") available for sale in 2Q 2007 compared to 2Q 2006, the Group sold only a total GFA of 139 sq m of residential properties and 10 sq m of commercial properties during the quarter under review. This resulted in a significant decline in revenue to approximately RMB 846,000 in 2Q 2007.

For the first six months ended 30 June 2007 ("1H 2007"), the Group's revenue was substantially lower at approximately RMB 5.0 million, as compared to RMB 71.6 million over the same corresponding period, due mainly to the significantly lesser GFA of properties available for sale.

As at end of 1H 2007, the Group has also sold an aggregate GFA of 2,459 sq m in relation to another project, Huzhou Zhili Yazhoucheng Phase 2. However, the respective sales were not recorded in 1H 2007 as the handover of properties for this project has been deferred to the end of 2007.

Cost of sales

The Group's cost of sales comprises principally land costs, construction costs and capitalized borrowing costs. In line with the decrease in revenue, the cost of sales decreased in 2Q 2007 by approximately RMB22.5 million to approximately RMB 516,000. Similarly, cost of sales in 1H 2007 declined to approximately RMB 2.6 million.

Gross Profit Margin

Group's gross profit fell to approximately RMB 329,000 in 2Q 2007 in tandem with the decrease in revenue. The Group recorded a drop in gross profit margin to 39.0% in 2Q 2007, compared to 41.2% in 2Q 2006. This was primarily attributed to the lower average selling prices for the properties sold at Huzhou Liyang and Huzhou Xinya Jiayuan during 2Q 2007. In 2Q 2006, the Group benefited from a higher average selling price as sales comprised of a significant number of commercial units, which yield better profit margins than residential units.

However the Group recorded higher gross profit margin of 46.9% in 1H 2007, compared to 40.9% in the same period last year.



Other income and gains

The substantial increase in the Group's other income and gains by approximately RMB18.9 million was boosted mainly by a gain from interest income, rental income, investment gains, agency fee income and commission income during 2Q 2007.

The Group's other income and gains in 1H 2007 rose sharply to about RMB98.4 million. This was attributed mainly to the discount on the acquisition of 90% equity interests in Ever Sure Industries Ltd and its PRC subsidiary that owns four land parcels in Beihai City, Guangxi Province.

Selling expenses

The Group's selling expenses decreased by approximately RMB275,000 in 2Q 2007 as it exercised tight control over the promotion and advertising expenses during the quarter under review.

The increase of selling expenses of RMB1.9 million for 1H 2007 was due to higher staff costs and advertising expenses incurred during 1Q 2007 for promotional activities related to the Group's project in Nanchang.

Administrative expenses

The Group's administrative expenses rose significantly in 2Q 2007 compared to the previous corresponding quarter. This is attributed to the increases in headcount and associated expenses related to the Group's new projects – Huzhou Liyang Jingyuan, Hua Cui Ting Yuan, Wuxing Balidian Market, Huzhou Hailian Construction and Nanchang Honggu Kaixuan – as well as increases in exchange losses in relation to Hangzhou Liyang Yuan and Nanchang Honggu Kaixuan projects.

As a result, administrative expenses increased to RMB 6.0 million in 1H 2007, compared to RMB3.4 million in the previous corresponding period.

Other operating expenses

The Group's other operating expenses dropped materially in 2Q 2007 and 1H 2007 compared to the previous corresponding periods owing to the fact that our Group had decreased its charitable donations to schools significantly for the periods under review.

Profit Attributable to Equity Holders of the Company

The Group's profit attributable to equity holders of the Company increased by 91% to approximately RMB15.7 million in 2Q 2007. This was due mainly to less property units sold during the quarter under review.

The Group's profit attributable to equity holders surged five-fold to RMB 84.5 million in 1H 2007, lifted mainly by the substantial increase in other income and gains.



(b) REVIEW OF FINANCIAL POSITION

As at 30 June 2007, a subsidiary of our Group, Pan Hong Investment Limited, had established a 50:50 joint venture company, Jiangxi Ganghong Investment Co., Ltd. (江西港洪實業有限公司) (“Jiangxi Ganghong”). Jiangxi Ganghong owns a piece of land in Yichun City with site area of 640,343 sq m. Moreover, another subsidiary of our Group, Enrich H.K. Investments Limited, had taken a 51% interest in another joint venture company, Leping City Fenghuang Jincheng Holdings Limited (樂平市鳳凰金城實業有限公司) (“Fenghuang Jincheng”). Fenghuang Jincheng owns five parcels of land in Leping City with site area of 333,340 sq m.

Accounts receivable of our Group dropped significantly by approximately RMB 14.7 million to RMB 36.4 million as at 30 June 2007 due to the collection of funds from both banks and customers. By the end of July 2007, approximately RMB 13 million has been settled by banks and customers.

During 1H 2007, our Group’s properties held under development increased significantly by approximately RMB 291.4 million or 158% to RMB 752.7 million. This was due mainly to the addition of 4 parcels of land amounted to approximately RMB206.2 million through the acquisition of Ever Sure and its PRC subsidiary (collectively “Ever Sure Group”) in March 2007 as well as increases in development costs that amounted to approximately RMB76.7 million in relation to Huzhou Liyang Jingyuan, Nanchang Honggu Kaixuan and Hua Cui Ting Yuan projects. Moreover, our Group had paid a land premium of approximately RMB61.1 million for increasing its plot ratio of the Hangzhou Liyang Yuan project and acquired five land parcels of approximately RMB 18.4 million wholly owned by Fenghuang Jincheng in Leping City by our Group towards the end of 2Q 2007.

Our Group’s deposit, prepayment and other receivables had decreased by approximately RMB 10.0 million to RMB42.3 million in 1H 2007. This was mainly attributable to the capitalization of the prepayment for construction costs to properties held under development in Huzhou Liyang Jingyuan and Nanchang Honggu Kaixuan projects. Moreover, accruals, advance receipt and other payables increased significantly by approximately RMB189.1 million to RMB 216.0 million at the end of 1H 2007, owing to the advanced receipts of approximately RMB198.2 from the pre-sales of the Nanchang Honggu Kaixuan project but partially set off by the payment of construction contracts during the quarter under review.

As at 30 June 2007, the amount due from related parties of our Group amounted to approximately RMB203,000 represented mainly the outstanding amount receivable from a minority shareholder of Ever Sure Group regarding the legal costs incurred for the acquisition of 90% equity interests in Ever Sure Group but paid by our Group in advance on his behalf.

Amount due to a minority shareholder of Ever Sure Group amounted to approximately RMB 71.5 million represented the outstanding balance payable to the Vendor for the acquisition of Ever Sure Group, after deducting the net amount of outstanding short term loan of approximately RMB 2 million made to such Vendor by our Group at 30 June 2007. Such outstanding amount will be paid by 31 August 2007.

Significant increase in shareholder’s loan by approximately RMB 33.3 million to RMB 51.1 million as at 30 June 2007 was due to the provision of additional finance by our major shareholder to increase the paid-up capital of Jiangxi Asia City Real Estate Development Co., Ltd. by approximately RMB45.7 million during the quarter under review.

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9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or a prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Industry

The Chinese government is continuing with its initiatives to promote healthy and sustainable growth of the property market in China over the longer term, including measures to curtail speculative investments, and to ensure a more balanced supply of residential housing.

The potential economic growth of China should continue to augur well for the real estate market. Increasing disposable income and standards of living are expected to stimulate demand for better quality housing.

The Group is primarily focused on the second and third-tier cities in China that possess significant development potential such as Hangzhou, Huzhou in Zhejiang Province, Nanchang City in Jiangxi Province and Beihai in Guangxi Province. The increasing disposable income and rapid urbanization of these cities are expected to underpin demand for residential housing.

To capitalise on the promising industry prospects and strengthen its market position, the Group plans to continue seeking new and attractive land reserves in its target markets, and focus on quality developments targeted at the middle to upper-middle income consumers.

Update on pre-sales of Nanchang Honggu Kaixuan project located in CBD district

The Group's project in Nanchang, one of the fastest growing cities in China, is estimated to yield a total GFA of approximately 346,898 sq m. The project comprises 10 residential blocks with an aggregate of 2,130 units, and 31,809 sq m of residential and commercial units. It will be developed in phases between 2007 and 2010.

Since the launch of this project in May 2007, the Group has pre-sold 605 residential units (total GFA of around 71,227 sq m) in four different blocks that were released for sale under Phase 1. Up to 30 June 2007, the revenue arising from the sales of residential units was approximately RMB322.6 million of which approximately RMB195 million had been received from the customers. The remaining balance will be collected in the 3Q 2007.

Sale of properties can only be recognized as revenue upon completion of handover of units to the owners. The Group believes that the remaining blocks can be sold at the average unit selling prices progressively at around 5% based on the prevailing market condition.

Future Plans

The Group has accumulated a sizeable land bank that provides a steady pipeline of property developments for the next few years from 2007. Upon our expanded basement, our Group will increase its land banks in the second tier cities or neighbourhood where our Group has the competitive advantage. These strategically located land parcels that the Group has acquired interests have a total planned GFA of approximately 2.9 million sq m, including properties currently under development. Besides its primary target markets of Huzhou, Hangzhou and Nanchang, the Group is also expanding its geographical footprint by venturing into Beihai City, Guangxi Province, as well as Leping and Yichun cities in Jiangxi Province.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared or recommended for the financial period ended 30 June 2007.

13. Interested Person Transactions

*(If company has an IPT Mandate, the following table is to be completed.)
(If there are no IPT transactions, please insert "not applicable")*

Not applicable for 2Q 2007.

BY ORDER OF THE BOARD

Wong Lam Ping
Executive Chairman

1 August 2007

The initial public offering of the Company's shares was sponsored by CIMB-GK Securities Pte. Limited.

STATEMENT BY DIRECTORS PURSUANT TO SGX LISTING RULE 705(4)

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of Pan Hong Property Group Limited which may render these interim financial results to be false or misleading.

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

Wong Lam Ping
Executive Chairman

Chan Heung Ling
Director

1 August 2007