

**1ST QUARTER FINANCIAL STATEMENT ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 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 Income Statement for 1st Quarter ended 31 March 2007. These figures have not been audited.

RMB'000	GROUP		% Change
	3 months ended 31/03/2007 (Unaudited)	3 months ended 31/03/2006 (Unaudited)	
Revenue	4,127	33,332	-90.0%
Cost of Sales	(2,124)	(19,782)	-90.0%
Gross Profit	2,003	13,550	-90.0%
Other income and gains	79,551	6,058	1210.0%
Selling expenses	(1,580)	(21)	7420.0%
Administrative expenses	(2,742)	(2,479)	10.0%
Other operating expenses	(170)	(263)	-40.0%
Operating profit	77,062	16,845	360.0%
Finance costs	-	(326)	-100.0%
Share of loss of an associate	-	(75)	-100.0%
Profit before taxation	77,062	16,444	370.0%
Taxation	(512)	(6,162)	-90.0%
Profit for the period	76,550	10,282	640.0%
Attributable to:			
Equity holders of the parent	68,772	10,174	580.0%
Minority shareholders	7,778	108	7100.0%
	76,550	10,282	640.0%
Earnings per share (RMB cents)	14.33	2.83	

NM: Not Meaningful

PAN HONG PROPERTY GROUP LIMITED

Note:

Profit before taxation includes the following:

RMB'000	31/03/2007 (Unaudited)	31/03/2006 (Unaudited)	31/03/2007 (Unaudited)	31/03/2006 (Unaudited)
Borrowing costs	1,970	950	-	-
Less: amount capitalized in properties held under development	(1,970)	(624)	-	-
	-	326	-	-
Cost of properties held for sales recognized as expenses	1,911	17,895		
Loss on disposal of property, plant and equipment	(17)	-	-	-
Depreciation of property, plant and equipment	149	87	-	-
Less: amount capitalized in properties held under development	(50)	(18)	-	-
	99	69	-	-
Operating lease charges in respect of land and buildings	247	20	-	-
Less: amount capitalized in properties held under development	(26)	(13)	-	-
	221	7	-	-
Outgoings in respect of all properties under operating lease arrangements	-	-	-	-
Staff costs, including directors' emoluments	1,484	432	-	-
Contribution to retirement benefits plans	21	24	-	-
	1,505	456	-	-
Less: amount capitalized in properties held under development	(491)	(152)	-	-
	1,014	304	-	-
Fair value gain of investment properties	-	(5,880)	-	-
Excess of acquirer's interests in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	(77,777)	-	-	-

Notes:

- The Company was incorporated in Bermuda under the laws of Bermuda on 20 December 2005 as an exempted company with limited liability under the name of Pan Hong Property Group Limited ("the Company"). The principal activity of the Company is investment holding.



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.

RMB'000	Group		Company	
	31/03/2007 Unaudited	31/12/2006 Audited	31/03/2007 Unaudited	31/12/2006 Audited
ASSETS AND LIABILITIES				
NON-CURRENT ASSETS				
Property, plant and equipment	5,018	4,740	-	-
Investment properties	35,338	35,338	-	-
Goodwill	6,030	6,030	-	-
Interests in subsidiaries	-	-	278,608	278,608
Available-for-sales financial assets	120	-	-	-
Deposit paid	-	30,000	-	-
	46,506	76,108	278,608	278,608
CURRENT ASSETS				
Properties held under development	524,584	291,394	-	-
Properties held for sale	42,192	42,809	-	-
Account receivables	50,710	51,159	-	-
Deposit, prepayments and other receivables	88,190	52,311	153	112
Amount due from a related company	-	-	195,471	195,820
Cash and bank balances	150,466	221,356	92	92
	856,142	659,029	195,716	196,024
CURRENT LIABILITIES				
Accounts payable	495	9,637	-	-
Accruals, advance receipt and other payables	37,200	26,951	628	350
Provision for tax	17,092	17,017	-	-
Amount due to related companies	391	29	375	375
Amount due to a minority shareholder	69,498	-	-	-
	124,676	53,634	1,003	725
NET CURRENT ASSETS	731,466	605,395	194,713	195,299
TOTAL ASSETS LESS CURRENT LIABILITIES	777,972	681,503	473,321	473,907
NON-CURRENT LIABILITIES				
Bank loans	110,000	110,000	-	-
Shareholder's loan	17,794	17,794	-	-
Deferred taxation	5,713	5,713	-	-
NET ASSETS	644,465	547,996	473,321	473,907
EQUITY				
Share capital	292,164	292,164	292,164	292,164
Reserves	291,941	223,169	181,157	181,743
EQUITY ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS	584,105	515,333	473,321	473,907
Minority interests	60,360	32,663	-	-
TOTAL EQUITY	644,465	547,996	473,321	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 31/03/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	69,889	-	29

Amount repayable after one year

As at 31/03/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
110,000	17,794	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 at 31 March 2007.

Other borrowings represented the outstanding amount of consideration amounted to approximately RMB71.5 million after deducting the net amount of a loan of approximately RMB 1.6 million payable to the Vendor of the acquisition of 90% equity interests in Ever Sure Group at 31 March 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.

RMB'000	Group	
	3 Months ended 31/03/2007	3 Months ended 31/03/2006
Cash flow from operating activities		
Profit before taxation	77,062	16,444
Adjustment for:		
Interest income	(1,443)	(19)
Interest expense	-	326
Depreciation	99	69
Excess of the Group's interest 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	-	75
Operating profits before working capital changes	(2,059)	11,015
Increase in properties held under development	(26,302)	(27,393)
Decrease/(increase) in account and other receivables, prepayments and deposits paid	(35,022)	3,521
Increase in amount due from a related party	-	26,020
Increase in account and other payables, accruals and receipts in advance	(6,385)	(23,848)
Decrease in amount due to related parties	(29)	(19,889)
Cash used in operations	(69,797)	(30,574)
Income taxes paid	(437)	(1,843)
Net cash used in operating activities	(70,234)	(32,417)
Cash flow from investing activities		
Purchases of property, plant and equipment	(477)	(31)
Purchases of available-for-sales financial assets	(120)	-
Investment in associates	-	(2,060)
Acquisition of subsidiaries, net	501	763
Interest received	1,443	19
Net cash generated from/(used in) investing activities	1,347	(1,309)
Cash flow from financing activities		
New loan made to a minority shareholder	(2,000)	-
Repayment to loan made to a minority shareholder	391	-
New bank loans and other loans	-	20,000
Repayment of bank loans	-	(7,000)
Increase in shareholder's loan	-	11,972
Interest paid	-	(950)
Net cash (used in) / generated from financing activities	(1,609)	24,022
Decrease in cash and cash equivalents	(70,496)	(9,704)
Effect of foreign exchange difference	(394)	628
Cash and cash equivalents at beginning of period	221,356	15,234
Cash and cash equivalents at end of period	150,466	6,158



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								Minority interests	Total equity
	Share capital	Share premium	Merger reserve	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	RMB'000	RMB'000
At 1 January 2006	11	-	-	-	437	61,018	-	61,466	35,013	96,479
Profit for the period	-	-	-	-	-	10,174	-	10,174	108	10,282
Exchange difference (net expense recognized during the period)	-	-	-	-	(523)	-	-	(523)	-	(523)
Total income and expenses recognized during the period	-	-	-	-	(523)	10,174	-	9,651	108	9,759
Issue of shares	5,968	16,546	-	-	-	-	-	22,514	-	22,514
Loan capitalization	194,253	-	-	-	-	-	-	194,253	-	194,253
Further acquisition of a subsidiary	-	-	-	-	-	-	-	-	(5,193)	(5,193)
At 31 March 2006	200,232	16,546	-	-	(86)	71,192	-	287,884	29,928	317,812
At 1 January 2007	292,164	116,727	(2,243)	6,058	(1,773)	99,600	4,800	515,333	32,663	547,996
Profit for the period	-	-	-	-	-	68,772	-	68,772	7,778	76,550
Total income and expenses recognized during the period	-	-	-	-	-	68,772	-	68,772	7,778	76,550
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	19,919	19,919
At 31 March 2007	292,164	116,727	(2,243)	6,058	(1,773)	168,372	4,800	584,105	60,360	644,465

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 January 2007	292,164	116,727	59,579	-	-	637	4,800	473,907
Loss for the period	-	-	-	-	-	(586)	-	(586)
At 31 March 2007	292,164	116,727	59,579	-	-	51	4,800	473,321

Note: The statement of changes in equity of the Company for the 3 months ended 31 March 2006 is not presented as the Company was only incorporated on 20 December 2005.

- 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 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 Company's 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.**

Not applicable

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
	03/31/2007	03/31/2006
Earnings per ordinary share of the group, after deducting any provision for preference dividends (in RMB cents):		
(a) Based on weighted average number of ordinary shares on issue; and	14.33	2.83
(b) On a fully diluted basis	NA	NA

Note: The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of approximately RMB68,772,000 (3 months ended 31 March 2006: RMB10,174,000) divided by the weighted average of 480,000,000 (3 months ended 31 March 2006: 360,000,000) ordinary shares during the period. 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 31 March 2006 and 2005.

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	
	31/3/2007	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:	134.3	114.2	98.6	98.7

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

- the shareholder's equity of our Group / Company at 31 March 2007 and 31 December 2006; and
- the issued ordinary shares at 31 March 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)

Revenue (RMB'000)	3 months ended 31/3/2007	3 months ended 31/3/2006
Residential	1,914	24,202
Commercial	2,203	7,558
Others including car parks lots	10	1,572
	4,127	33,332

Gross profit (RMB'000)	3 months ended 31/3/2007	3 months ended 31/3/2006
Residential	730	9,225
Commercial	1,273	3,540
Others including car parks lots	-	785
	2,003	13,550

REVIEW OF FINANCIAL RESULTS

Revenue

Revenue was derived mainly from sales of remaining residential and commercial units of both Huzhou Liyang Jingyuan Phase 1 (湖州麗陽景苑第一期) and Huzhou Zhili Yazhoucheng Phase 1 (湖州織里亞洲城第一期) in 1Q 2007. The significant decrease in revenue of 1Q 2007 was due to the fact that there was no new project launched during the quarter.

Due to the lower gross floor area ("GFA") available for sale in relation to Huzhou Liyang and Huzhou Zhili 1 in 1Q 2007 compared to 1Q 2006, the Group sold only a total of 789 sq m of residential properties and 286 sq m of commercial properties during the quarter under review. This resulted in a significant decline in revenue in 1Q 2007 to RMB 4.1 million.

As at 31 March 2007, the Group has almost fully sold the majority of its completed properties that still have units available for sale, with the exception of Huzhou Zhili Yazhoucheng Phase 2 ("Huzhou Zhili 2"). Huzhou Zhili 2 was launched in August 2006 and has a total GFA of approximately 7,173 sq m. Of this, the Group has pre-sold an aggregate of 2,459 sq m at end of 1Q 2007. As revenue from the sale of properties can only be recognised after the handover of the property is completed and the issue of the completion certificate, the Group expects to recognise the sales from Huzhou Zhili 2 from 2Q 2007 onwards.

The Group has three new properties currently under developments in FY2007.



Other income and gains

Our Group's other income and gains increased significantly by approximately RMB 73.5 million was mainly attributable to the excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost of business combinations arising from the acquisition of 90% equity interests in Ever Sure Industries Ltd and its PRC subsidiary that amounted to approximately RMB 77.8 million during the quarter. The acquisition was completed as our Group can exercise the control of the Board of Directors of Ever Sure Group on 31 March 2007. Ever Sure owns four parcels of land in Beihai City, which are planned to be used for the development of residential and commercial property units. As the purchase consideration of RMB 101.5 million was significantly lower than the net fair value of net assets acquired of RMB 179.3 million, the discount on the acquisition resulted in a gain of approximately RMB 77.8 million for the Group during 1Q 2007.

Cost of sales

Cost of sales comprised principally land costs, construction costs and capitalized borrowing costs. In line with the decrease in revenue, the cost of sales decreased in 1Q 2007 by approximately RMB17.7 million over the corresponding quarter of last year.

Gross Profit

Our gross profit of approximately RMB 2 million in 1Q 2007 was attributable to the sales of residential and commercial units of both Huzhou Liyang Jingyuan Phase 1 (湖州麗陽景苑第一期) and Huzhou Zhili Yazhoucheng Phase 1 (湖州織里亞洲城第一期).

Gross profit margin for 1Q 2007 was approximately 48.5% which was slightly higher than that for 1Q 2006. The higher gross profit margin achieved in 1Q 2007 was due to the higher average selling prices for the commercial units of both Huzhou Liyang Jingyuan Phase 1 (湖州麗陽景苑第一期) and Huzhou Zhili Yazhoucheng Phase 1 (湖州織里亞洲城第一期).

Selling expenses

Selling expenses included mainly staff expenses, advertising and promotion expenses, traveling expenses and other sundry expenses. The RMB1.6 million increase in 1Q 2007 over the corresponding quarter of last year was mainly attributable to the increase in staff costs, advertising expenses for the promotion of VIP cards in our Nanchang project during the quarter. In contrast, the Group did not incur any advertising and promotion expenses in 1Q 2006.

Administrative expenses

Administrative expenses comprised primarily staff costs, traveling and entertainment expenses. These expenses in 1Q 2007 were approximately RMB260,000 higher than those of the corresponding quarter of last year. The increases were mainly due to hiring of more staff and more entertainment expenses incurred for the new project in Nanchang City during the quarter.



(b) REVIEW OF FINANCIAL POSITION

Significant increase of properties held under development by approximately RMB 233.2 million to RMB 524.6 million as at 31 March 2007 was mainly attributable to the fair value of 4 parcels of land amounted to approximately RMB206.2 million acquired from Ever Sure Group (collectively "Ever Sure Group") on 31 March 2007 (date of acquisition).

Accordingly, the increase in deposits, prepayments and other receivables of 35.9 million in 1Q 2007 was mainly attributed to the advanced payment of approximately RMB 30 million for the construction costs in Nanchang Honggu Kaixuan project. Moreover, the accruals, advance receipt and other payables increased by approximately RMB 10.2 million to RMB 37.2 at the end of 1Q 2007 is owing to the acquisition of the accruals, advance receipt and other payables of Ever Sure Group amounted to approximately RMB 7.5 million.

Amount due to a minority shareholder of approximately RMB 69.5 million represented the outstanding balance payable to the Vendor of the acquisition of Ever Sure Group after deducting the net amount of outstanding short term loan made to such Vendor by our Group at 31 March 2007.

Due mainly to the lower sales and higher investments in land bank during 1Q 2007, the Group's net cash used in operating activities was RMB 70.2 million.

The Group ended 1Q 2007 with a sound cash balance of RMB150.5 million.

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 and Nanchang City in Jiangxi 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.

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. The land reserves which the Group has acquired interests, have a total planned GFA of approximately 2.9 million sq m. 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

PAN HONG PROPERTY GROUP LIMITED

(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/recommended, a statement to that effect.

No dividend has been declared or recommended for the financial period ended 31 March 2007.

13. Interested Person Transactions

Name of Interest Person	3 months ended 31/03/2007	
	Aggregate value of all IPTs during the financial year under review [excluding transactions less than S\$100,000 and transactions pursuant to the IPT Mandate (or a shareholders' mandate for IPTs under Rule 920 of the New Listing Manual)]	Aggregate value of all IPTs under the IPT Mandate (or a shareholders' mandate for IPTs under Rule 920 of the New Listing Manual) during the financial year under review (excluding transactions less than \$100,000)
Progress payment on a construction contract with Jiangxi Ganxun Electronic Information Technology Co. Ltd. ¹	RMB16,685,374	Nil
Total:	RMB16,685,374	Nil

Note:

¹ A company in which the Executive Chairman/Director, Mr Wong Lam Ping, has an interest.

BY ORDER OF THE BOARD

Wong Lam Ping
Executive Chairman

26 April 2007

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



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
Director

Wang Cuiping
Director