



News Release

PAN HONG'S NET PROFIT SURGES 580% TO RMB 68.8 MILLION IN 1Q 2007

- **Result lifted by gain arising from its acquisition of Ever Sure Industries**
- **Sizeable landbank ensures a steady pipeline of new projects over next few years**

Singapore, 26 April 2007 – **Pan Hong Property Group Limited** (汎港地產集團有限公司) ("Pan Hong" or the "Group"), a niche property developer that focuses primarily on the second and third-tier cities in China, has reported that its net profit attributable to equity holders surged by 580% to RMB 68.8 million for the first three months of its financial year ending 31 December 2007 ("1Q 2007").

The strong bottomline performance was boosted by a gain of approximately RMB 77.8 million arising from the Group's interest in the net fair value of its RMB 101.5 million acquisition of a 90% stake in Ever Sure Industries Limited. Ever Sure Industries owns four parcels of land in Beihai City, Guangxi Province.

However, Group revenue declined to RMB 4.1 million in 1Q 2007, from RMB 33.3 million in 1Q 2006. This was because of the lower gross floor area ("GFA") that was available for sale at its completed properties, namely Huzhou Liyang Jingyuan Phase 1 (湖州麗陽景苑第一期) ("Huzhou Liyang") and Huzhou Zhili Yazhoucheng Phase 1 (湖州織里亞洲城第一期) ("Huzhou Zhili 1"). Both property developments are located in Zhejiang Province.

In spite of the lower sales, the Group's gross profit margin improved to 48.5% in 1Q 2007, compared to 40.7% in 1Q 2006. This was primarily driven by the higher average selling prices of the commercial units at both Huzhou Liyang and Huzhou Zhili 1.

As at 31 March 2007, the Group had 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 (湖州織里亞洲城第二期) ("Huzhuo Zhili 2"), which was launched only in August 2006.

Said Mr Wong Lam Ping, Executive Chairman of Pan Hong, "By the end of 1Q 2007, we have already pre-sold an aggregate of 2,459 sq m of the Huzhou Zhili 2 development. We also have three new property projects that are currently under development."

The Group's three new properties under development are Nanchang Honggu Kaixuan(Phase 1) (南昌红谷凯旋第一期) in Nanchang City, Huacui Tingyuan Phase 1 (华萃庭院第一期) in Huzhou City and Hangzhou Liyang (杭州丽阳院) in Hangzhou City.

Steady pipeline of projects over the next few years

Since its Initial Public Offer on the Main Board of the SGX-ST in September 2006, Pan Hong has continued building its land bank to ensure a steady pipeline of property developments to drive the Group's growth over the next few years.

Besides its primary target markets of Huzhou, Hangzhou and Nanchang cities, the Group has expanded its geographical footprint by venturing into Beihai City, Guangxi Province, as well as Leping and Yichun cities in Jiangxi Province.

"During the last three months, we have acquired interests in new land parcels for three property development projects which have planned total GFA of more than 2.1 million sq m. We are excited about these future developments as they will be fairly significant in size and have good potential because of their prime locations," Mr Wong added.

To-date, the Group has interests in aggregate land reserves (including properties currently under development) with a total planned GFA of approximately 2.9 million sq m, spread across Zhejiang, Jiangxi and Guangxi Provinces.

Positive long term prospects

Demand for high quality property developments in China has been robust in recent years on the back of the country's strong economic growth, which is driving rapid urbanisation and leading to rising disposable income and standards of living.

"Our focus is on the second and third-tier cities such as Hangzhou and Huzhou in Zhejiang Province, and Nanchang City in Jiangxi Province, where there is growing demand for high quality property developments due to higher living standards and increasing affluence," said Mr Wong.

To capitalise on the industry's promising 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.

The Initial Public Offering of Pan Hong was sponsored by CIMB-GK Securities Pte. Ltd.

About Pan Hong Property Group Limited

Pan Hong Property Group Limited is a niche property developer that focuses primarily on developing high quality residential and commercial properties in the second and third-tier cities in China.

With more than 20 years of experience in China's property development industry, the Group has established its presence in Hangzhou and Huzhou cities in Zhejiang Province, and Nanchang city in Jiangxi Province. Among its projects are notable property developments, such as Hangzhou Yazhoucheng Garden, Huzhou Jinquan Garden and Nanxun Yazhoucheng Garden. As a testament to its quality developments, Pan Hong was awarded the "Huzhou City Outstanding Property Development" in 2003 and the "China IACE International Habitat Award" in 2005 for the Nanchang Honggu Kaizuan project.

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

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