

**PAN HONG'S PROPERTY SALES PROPEL NET PROFIT TO RMB57.3M IN 3Q2010**

- Group revenue surged to RMB87.0m from RMB4.3m in previous financial period
- Property pre-sales totaled RMB 808.9m\* as at 31 December 2009
- Group maintains net cash position at the end of 3Q2010

*Singapore, 9 February 2010* – Pan Hong Property Group Limited (“Pan Hong” or the “Group”), a Hong Kong-based property developer that focuses primarily on developing properties in the second and third-tier cities in the PRC, today reported that the Group chalked up RMB57.3 million in net profit for the third quarter ended 31 December 2009 (“3Q2010”), reversing the loss of RMB3.6 million in the previous corresponding period (“3Q2009”).

The improvement in net profit came on the back of a substantial increase in Group revenue in 3Q2010 to RMB87.0 million, from RMB4.3 million in 3Q2009. This was driven mainly by the handover of pre-sold residential units from the Group’s property development in Huzhou city, Huzhou Liyang Jingyuan Phase 2 (湖州丽阳景苑二期), to buyers during 3Q2010. The transfer follows the completion of construction for the residential units of Huzhou Liyang Jingyuan Phase 2 in December 2009.

Revenue recognition for property developers is dependent on the completion of construction and handover of properties that are sold. As at 31 December 2009, the Group has pre-sold a total of 150 residential units at Huzhou Liyang Jingyuan Phase 2, of which 134 units were transferred to buyers during 3Q2010.

Sale of the remaining residential units of the Group’s completed property development in Nanchang – Nanchang Honggu Kaixuan Phase 1 (南昌红谷凯旋第一期) contributed around RMB9.1 million to Group revenue in 3Q2010. Around 97.4% of this development had been sold, with 29 residential units remaining at the end of December 2009.

Thanks to stronger revenue, the Group achieved higher gross profits of RMB34.1 million in 3Q2010, compared to RMB1.8 million in 3Q2009. However, gross profit margin in 3Q2010 was lower at 39.2% compared to 42.4% in the 3Q2009, due to the variation in property projects that were sold and transferred in the respective financial quarters.

Other income and gains in 3Q2010 also increased eight-fold to RMB42.4 million as the Group received an ex-gratia payment of HK\$27.5 million in December 2009 as settlement for its acquisition of a 90% stake in Ever Sure Industries Limited. Higher consultancy fees of RMB7 million also contributed to the increase in other income and gains.

The significant growth in revenue and gross profit, coupled with larger other income and gains, lifted Pan Hong's net profit to RMB57.3 million in 3Q2010, compared to a loss of RMB3.6 million in 3Q2009.

Besides Huzhou Liyang Jingyuan Phase 2, Pan Hong has also pre-sold residential units of three other property developments in Nanchang and Huzhou cities – Nanchang Honggu Kaixuan Phase 2, Hangzhou Liyang Yuan and Hua Cui Ting Yuan Phase 1.

As at 31 December 2009, the Group had total pre-sales amounting to RMB 808.9 million from these three property developments. The residential units of Nanchang Honggu Kaixuan Phase 2 and Hangzhou Liyang Yuan are expected to be completed in the first quarter of 2010.

Based on the accumulated pre-sales achieved to-date and the current construction schedule of the respective properties, and barring any unforeseen circumstances, the Group remains positive of its performance in FY2010.

Said Mr. Wong Lam Ping, Executive Chairman of Pan Hong, "In 2009, we capitalised on improved market sentiment with new property pre-sales launches and achieved strong take-up rates. At the same time, we continue to look for and seize attractive opportunities to expand our land bank to ensure a steady pipeline of developments for the future. The Group made two land acquisitions in Pinghu and Huzhou cities last year. More recently in January, we acquired a 55% stake in land parcels in Nanchang city where Pan Hong has established a sound reputation because of our flagship development, Nanchang Honggu Kaixuan. We believe this acquisition in Nanchang will enable us to further strengthen our brand name and market position there."

The Group plans to commence construction of four new property developments in 2010. These comprise new projects in Huzhou, Nanchang, Yichun and Fuzhou cities. In addition, the Group is also looking to launch pre-sales of new batches of residential units at Nanchang Honggu Kaixuan Phase 2 and Hua Cui Ting Yuan Phase 1 in 2010. These pre-sales and construction plans are subject to changes in market conditions and/or the Group's strategy.

To curb speculation and ensure healthy development of China's property sector, the government has recently announced various measures which may have an impact on the property market sentiment in the near term. However, the general outlook of China's property market remains positive, underpinned by rising urbanization and affluence.

"Pan Hong's financial position remains sound. This better places the Group to implement our corporate plans and withstand any slowdown in the market environment. We will also maintain our steady and prudent approach in business and financial management," said Mr. Wong.

*\*Includes pre-sales of residential units from Nanchang Honggu Kaixuan Phase 2, Hangzhou Liyang Yuan and Hua Cui Ting Yuan Phase 1.*

As at 31 December 2009, the Group had a net cash position with cash and cash equivalents totaling RMB174.9 million. Shareholders' equity at the end of 2009 improved to RMB834.9 million from RMB684.6 million as at 31 March 2009.

---

#### **About Pan Hong Property Group Limited**

Pan Hong Property Group Limited (汎港地产集团) is a Hong Kong-based property developer that focuses primarily on developing high quality residential and commercial properties in the second and third-tier cities in the PRC.

Backed by over 20 years of experience in the PRC's property development industry, Pan Hong has established its presence in Hangzhou and Huzhou cities in Zhejiang Province, and Nanchang city in Jiangxi Province. Besides these cities, the Group also owns interests in land reserves in Fuzhou, Yichun and Leping cities in Jiangxi Province, Jiangmen city in Guangdong Province, and Pinghu City in Zhejiang Province, for property development.

As a testament to the quality of Pan Hong's property developments, the Group has received several awards for its current project in Nanchang - Nanchang Honggu Kaixuan. In 2007, the Group was conferred the '4th Annual Nanchang City Best Property Award', 'Most Popular Property in Nanchang', as well as accolades such as 'Reputable Brand of the Year in Jiangxi' and 'Professional Property Developer of International Standard'. The Group's Hua Cui Ting Yuan project also clinched the China Classic Villa Award 2008.

Pan Hong was listed on the Singapore Exchange on 20 September 2006.  
Website : <http://www.pan-hong.com>