PAN HONG RECORDS SIGNIFICANT INCREASE IN PRE-SALES OF ITS PROJECTS

- Aggregate value of Group's pre-sales jumped to RMB 503.6m as at 24 May, from RMB 157.5m on 9 February 2009
- *Hangzhou Liyang Yuan* project achieved take-up rate of 95%
- Group reported significantly lower revenue and a loss for FP2009

Singapore, 28 May 2009 – Main Board-listed Pan Hong Property Group Limited ("Pan Hong" or the "Group"), a niche property developer that focuses primarily on the second and third-tier cities in the People's Republic of China ("PRC"), has benefited from a pick-up in pre-sales activity at its property projects in Nanchang, Huzhou and Hangzhou cities, thanks to the recent revival in demand for housing and the Group's strategic plan during the property market slowdown.

As at 24 May 2009, the aggregate value of the Group's pre-sales for these three projects had risen significantly to RMB 503.6 million, compared to RMB 157.5 million on 9 February 2009. The *Hangzhou Liyang Yuan* (杭州丽阳苑) project, which the Group launched in Hangzhou city in January this year, recorded pre-sales of 215 of the 226 residential units available, to post the strongest take-up rate of 95% among the three projects. Units at this project were transacted at an average selling price ("ASP") of around RMB 10,100 per square metre ("sq m").

The Group also saw brisk pre-sales activity for the residential units at its project in Huzhou city, *Huzhou Liyang Jingyuan Phase 2* (湖州丽阳景苑二期), which was launched in December last year. Of the 150 units released for sale, 131 units or 87% had been snapped up at an ASP of approximately RMB 5,100 per sq m.

At *Nanchang Honggu Kaixuan Phase 2* (南昌红谷凯旋二期), the largest of the three projects, the Group recently raised the number of residential units for sale to 649, from its initial batch of 270 units, in response to market demand. As at 24 May, the Group has pre-sold 310 units at an ASP of around RMB 5,000 per sq m. Pre-sales of the units at these projects can only be recognised as Group revenue after the completion of handover to buyers.

Said Pan Hong's Executive Chairman, Mr Wong Lam Ping (汪林冰), "We have seen a revival in property transactions over the last few months, driven mainly by owner-occupiers who had largely stayed on the sidelines during 2008. The Group was well-prepared and we were able to respond quickly to capitalise on the early stages of the market recovery by strengthening our sales efforts at our projects, as well as releasing additional units for sale at *Nanchang Honggu Kaixuan*

Phase 2. We are also in the midst of preparing the launch of another property, *Hua Cui Ting Yuan,* in Huzhou city."

Based on the accumulated pre-sales achieved to-date and the current construction schedule of the respective properties, the Group is cautiously optimistic of its performance for the 12 months ending 31 March 2010, barring any unforeseen circumstances.

Strategic Plan during the Downturn

The PRC property market slipped into a downturn in 2008. Against a backdrop of sluggish market conditions, many property developers lowered their selling prices to boost sales. However, Pan Hong employed a different strategy. The Group slowed down construction of its projects, scaled back its sales activity and initiated more prudent financial practices, in a bid to stabilise the selling prices of its properties and maintain a healthy financial position. When demand started to recover earlier this year, the Group responded quickly by stepping up its sales activities and accelerating construction of its projects to capitalise on lower raw material costs. The Group believes this strategy has enabled it to defend profitability of its property projects during the downturn, as well as reap benefits from its pre-sales as the market recovers.

The improvement in the PRC property market was triggered largely by favourable government policies, promotional activities by developers and easier access to mortgage financing. According to the National Bureau of Statistics, the aggregate gross floor area ("GFA") sold in the first four months of 2009 rose 17.5% to 176.25 million sq m, compared to the same period in 2008.

Financial Results for FP2009

The Group today also released its financial results for the fifteen-month period ended 31 March 2009 ("FP2009"). Due primarily to the lower number of residential units available for sale at Phase 1 of *Nanchang Honggu Kaixuan*, Group revenue fell substantially to RMB 39.9 million in FP2009 compared to RMB 564.9 million in the 12 months ended 31 December 2007 ("12M2007"). In 12M2007, the Group sold and completed the handover of 989 residential units, representing 87.8% of the total residential units at *Nanchang Honggu Kaixuan Phase 1*. As a result of this and a provision for impairment of properties attributed to the change in market conditions since 2007, the Group reported a loss of RMB 37.2 million for FP2009.

Group Strategy and Plans

With a sound cash position and relatively low net gearing of 12.0%, the Group believes it has a healthy foundation to withstand challenges and seize market opportunities. The Group also owns interests in land parcels with aggregate GFA of approximately 2.4 million sq m, which it is holding for future property development.

Pan Hong is in the process of developing the first phase of another property project, *Hua Cui Ting Yuan* (华萃庭院一期), which is near the scenic Taihu Lake in Huzhou city. In view of current market developments, the Group is planning to launch pre-sales of this project around or after June 2009. This year, the Group intends to increase its emphasis on the sale of its existing projects and focus on enhancing its cash flow, while maintaining a prudent business approach and keeping abreast of market trends.

In view of the increasingly competitive property market conditions in the PRC, the Group's strategy is to build a stronger brand in the second and third-tier cities to ensure long-term sustainable growth.

In line with this strategy, the Group is presently considering enhancing its competitive position by progressing in the direction of the townhouse concept that is similar to its *Hua Cui Ting Yuan* property, which was conferred the China Classic Villa Award in 2008.

From a competitive standpoint, the Group believes the townhouse concept, which will mainly target more affluent consumers, has certain advantageous features compared to high-rise developments. These include shorter development-to-sales cycle, lower unit cost of construction, product uniqueness as such townhouse projects that integrate the Chinese culture into the architecture are still uncommon in the PRC. The townhouse concept will also enable the Group to strengthen its brand by differentiating its property developments from other private and government-subsidised housing. With its experience developing *Hua Cui Ting Yuan*, the Group will be looking to replicate this model in other locations, such as the outskirts of urban areas where there is gradual upgrading of living environment and improving transportation system and mobility. Moreover, these areas also offer more opportunities to obtain land parcels at lower cost.

"We envisage that this strategic direction will enable us to improve our brand positioning and strengthen our market competitiveness within the property development sector," said Mr Wong.

This news release should be read in conjunction with the Group's full-year financial statement and dividend announcement for the period ended 31 March 2009, which is available on the SGX and the Group's websites (www.pan-hong.com).

Notes to the editor :

Summary of Property Pre-sale Launches (as at 24 May 2009)

Property	*Nanchang Honggu Kaixuan Phase 2*	*Huzhou Liyang Jingyuan Phase 2*	*Hangzhou Liyang Yuan*
Date of pre-sales launch	July 2008	Dec 2008	Jan 2009
Estimated construction completion date*	1st quarter 2010	3rd to 4th quarter 2009	4th quarter 2009
Total residential units released for sale	649	150	226
Units pre-sold in total (GFA)	310 (38,984 sq m)	131 (13,789 sq m)	215 (23,509 sq m)
Take-up rate	48%	87%	95%
Average selling price#	RMB 5,000 per sq m	RMB 5,100 per sq m	RMB 10,100 per sq m
Accumulated pre-sales value**	RMB 194.9 million	RMB 70.3 million	RMB 238.4 million
Aggregate Pre-sales Value = RMB 503.6 million			

**Estimated construction completion dates for the residential component of the respective properties are subject to change.*
***Pre-sales can only be recognised as revenue after the completion of handover to buyers.*
#Subject to variations of around ±RMB 100 per sq m

About Pan Hong Property Group Limited

Pan Hong Property Group Limited (汎港地产集团) is a niche 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, and Jiangmen city in Guangdong 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