

PAN HONG PROPERTY GROUP LIMITED

(Incorporated in Bermuda on 20 December 2005)

(Registration No.: 37749)

PROPOSED PLACEMENT OF 23,800,000 NEW ORDINARY SHARES IN THE CAPITAL OF PAN HONG PROPERTY GROUP LIMITED AT A PLACEMENT PRICE OF S\$0.50 PER SHARE

Introduction

The Directors of Pan Hong Property Group Limited (the “**Company**”) wish to announce that the Company has entered into a placement agreement dated 17 August 2009 (the “**Placement Agreement**”) with CIMB-GK Securities Pte. Ltd. as placement agent (the “**Placement Agent**”). Pursuant to the Placement Agreement, the Company has agreed to issue 23,800,000 new ordinary shares (the “**Placement Shares**”) in the capital of the Company at a placement price of S\$0.50 (the “**Placement Price**”) for each Placement Share (the “**Placement**”) and the Placement Agent has agreed to procure the subscription and payment for, the Placement Shares at the Placement Price for each Placement Share on a best efforts basis.

The Placement

The Placement Shares have been placed to the BOCOM International group (“**BOCOM International**”). BOCOM International is the Investment Banking and Securities arm of the Bank of Communications Co., Ltd (“**Bank of Communications**”), one of the top five banks in the Peoples’ Republic of China.

BOCOM International’s group companies offer a wide range of financial services including asset management, stockbroking and equity sales, research, investment banking and corporate finance. It is a leading sponsor and underwriter of initial public offerings and secondary offerings in Hong Kong, and is also licensed with the Hong Kong Securities and Futures Commission to act as sponsor and financial advisor for merger and acquisitions.

Established in 1908, the Bank of Communications is the first of the five largest banks in the Peoples’ Republic of China to list its shares on the Hong Kong Exchange, and had a market capitalisation of RMB 492.1 billion (as of 27 July 2009), making it one of the top ten global banks (by market capitalisation) in the world. As at 31 March 2009, the Bank of Communication’s asset base is more than RMB 3.0 trillion.

The Company will be making an application to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the listing of and quotation for the Placement Shares on the Official List of the SGX-ST. The Placement is conditional upon, *inter-alia*, the approval of the SGX-ST for the listing of and quotation for the Placement Shares on the Official List of the SGX-ST.

The Placement Shares were placed to BOCOM International pursuant to Section 274 of the Securities and Futures Act.

The Placement Shares are intended to be issued pursuant to the general mandate obtained at the annual general meeting of the Company held on 22 July 2009 which authorises the Directors of the Company pursuant to Rule 806 of the SGX-ST Listing Manual, to allot and issue new shares not exceeding 20% of the Company’s issued share capital (excluding treasury shares) in the case where shares are issued other than on a pro-rata basis to existing shareholders. Assuming that the Placement is fully subscribed, the Placement Shares represent 4.86% of the Company’s existing issued and paid up share capital of 489,639,000 ordinary shares (excluding treasury shares) as at the date of this announcement. The Placement Shares are to be issued free from all claims, charges, liens and other encumbrances, and when issued and fully paid, will rank *pari passu* in all respects with the existing ordinary shares of the Company except for any dividends, distributions or entitlements the record date of which falls before such date of issue.

The placement price of S\$0.50 for each Placement Share represents a discount of approximately 13.58% of the volume weighted average price for trades done on the Company's Shares on the SGX-ST for the full market day on 14 August 2009 (being the preceding market day prior to the signing of the Placement Agreement) and up to the time of the trading halt of its shares on 17 August 2009.

When completed, the Placement will increase the issued and paid up share capital of the Company to 513,439,000 ordinary shares and the Placement Shares will represent approximately 4.64% of the Company's enlarged share capital (excluding treasury shares) after completion of the Placement.

Financial Effects of the Placement

The net assets value per share and the earnings per share of the Company and its subsidiaries (the "Group") as at 30 June 2009, based on the unaudited financial statements of the Company for the first quarter ended 30 June 2009 published on the SGXNET on 12 August 2009 and its issued and paid up share capital (excluding treasury shares) as at 30 June 2009, were 152.32 RMB cents, and 2.09 RMB cents respectively. The net assets value per share and the earnings per share of the Group, after adjusting for the issue of the Placement Shares would be 156.08 RMB cents and 1.87 RMB cents respectively.

Use of Proceeds

Assuming that the Placement is fully subscribed, the estimated net proceeds from the Placement, after deducting estimated expenses pertaining to the Placement will be approximately S\$11.76 million. The net proceeds will be used for the purpose of funding its general working capital.

Pending the deployment of the net proceeds from the Placement, the net proceeds may be deposited with banks and/or financial institutions or invested in short term money markets or debt instruments or for any other purpose on a short-term basis, as the Directors may deem appropriate in the interests of the Group.

General

The placee is not a person who is within the categories of persons as set out in Rule 812(1) of the Listing Manual of the SGX-ST.

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Placement.

BY ORDER OF THE BOARD

Wong Lam Ping
Executive Chairman
17 August 2009