

**PAN HONG PROPERTY GROUP LIMITED**

(Incorporated in Bermuda)

(Registration Number: 37749)

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**INCREASED IN REGISTERED AND PAID UP CAPITAL OF SUBSIDIARIES**

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The Board of Directors of Pan Hong Property Group Limited ("**Pan Hong**") wishes to announce that the increase of capital in the following subsidiaries by Pan Hong Investment Limited (a wholly-owned subsidiary) had been approved by the relevant Chinese authorities in the People's Republic of China.

The increase of registered and paid up capital of the following subsidiaries are as follows :

<u><b>Name of subsidiaries</b></u>	<u><b>Registered/Paid Up Capital</b></u>	
	<u><b>From</b></u>	<u><b>To</b></u>
Hangzhou Liyang Real Estate Development Co., Ltd ("Hangzhou Liyang")	US\$3,000,000	US\$3,500,000
Huzhou Luzhou Housing and Landing Development Co. Ltd ("Huzhou Luzhou")	RMB 43,790,000	RMB 63,280,0000
Huzhou Liyang Housing and Landing Development Co. Ltd ("Huzhou Liyang")	RMB 42,000,000	RMB 92,000,000

The investments in Hangzhou Liyang and Huzhou Luzhou were by way of cash contribution funded from Pan Hong's IPO proceeds. The increase in capital of Huzhou Liyang was funded by re-investment of distributable profits of Huzhou Liyang and Huzhou Asia City Real Estate Development Co., Ltd ("Huzhou Asia City").

The above investments are not expected to have any material impact on the Company's earnings per share or net tangible assets for the financial year ending 31 December 2007.

None of the Company's directors or controlling shareholder has any interest, direct or indirect, in the above transaction.

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

BY ORDER OF THE BOARD

Wong Lam Ping  
Executive Chairman

1 February 2007