

ACQUISITION OF LAND PARCEL IN FUZHOU CITY, JIANGXI PROVINCE

1. Introduction

The Board of Directors of Pan Hong Property Group Limited (“**Pan Hong**” or the “**Group**”) wishes to announce that the Group has acquired a 100% interest in a parcel of land for property development located in the central business district (CBD) region of Fuzhou City (撫州市) in Jiangxi Province (江西省), the PRC, on 22 November 2007.

The above-mentioned land parcel, which has a site area of approximately 190,754 square metres (“sq m”) and is located at Ying Bing Road South in Fuzhou City (撫州市迎賓大道南), was acquired at a cost of approximately RMB 210 million (including taxes).

Pan Hong intends to develop high-end residential and commercial properties on this piece of land in Fuzhou City, with plans for total gross floor area (“GFA”) of approximately 486,885 sq m. The development is expected to comprise 476,885 sq m of residential units and approximately over 10,000 sq m of commercial units.

In addition, Pan Hong has signed a letter of intent with one of the PRC’s top 50 commercial and retail enterprises¹, which had an annual turnover of RMB 7 billion in 2006, to jointly develop the commercial space in this development.

This latest land acquisition further underlines the Group’s strategy to expand its land bank in the second-tier cities in the PRC and develop quality properties that are targeted at the middle to upper-middle consumers. Besides Fuzhou City, the Group’s current land bank comprises land reserves in Zhejiang Province, Jiangxi Province and Guangdong Province.

2. Background on Fuzhou City

Located in the East of Jiangxi Province, Fuzhou City is a vital city that is situated 90 km from Nanchang City. Recognised as the “*Talents and Culture Home Town*” in China (才子之鄉、文化之邦), Fuzhou City is shaping up to be a hotbed for investments given its advantages in location and cost.

To transform itself into an ideal location for foreign investments, Fuzhou City has made much progress in recent years by investing in the development of transport infrastructure, energy sources, and communications network. The city’s regulatory and business environment are also undergoing review and changes to facilitate foreign investments.

Fuzhou City is strategically located with ready access to other parts of China including the Pearl River Delta. Together with its comparatively lower cost of labour and raw materials, the city has a competitive edge to capture opportunities from the relocation of labour intensive industries from other more developed regions in China, or other countries. Presently, there are around 10 industrial parks in Fuzhou City.

¹ As listed on the website of the PRC’s Department of Commerce (中国商务部網站上的50強)

The GDP of Fuzhou City was about RMB 31.4 billion in 2006, an increase of 13.3% from the previous year. In fact, Fuzhou City's GDP has been rising faster than the province's average GDP growth in the last four consecutive years. With a population size of around 3.8 million, the annual disposable income per capita of Fuzhou City's urban households was about RMB 9,432 in 2006, an increase of 12.3% from 2005.

3. Salient Terms of the Acquisition

Sino Harbour Ltd (漢港有限公司), which is a newly incorporated and wholly owned subsidiary of Pan Hong, successfully won the tender for the land parcel in Fuzhou City for a consideration of approximately RMB 200 million.

4. Financial Effects of the Acquisition

The acquisition and the subsequent development of the proposed property in Fuzhou City shall be financed by the proceeds from Pan Hong's internal resources and recent share placement. The acquisition is not expected to have a material impact on the Group's earnings, gearing or net tangible assets for the financial year ending 31 December 2007.

None of Pan Hong's directors or controlling shareholders has any interest, direct or indirect, in the above transaction.

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

BY ORDER OF THE BOARD

Wong Lam Ping
Executive Chairman
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