

ACQUISITION OF LAND PARCEL IN JIANGMEN CITY

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 major interest in a parcel of land for property development in Jiangmen City (江门市) located in Guangdong Province (广东省), the PRC, in August 2007.

The Group has entered into a joint venture to acquire 75% interest in the above-mentioned land parcel which is located at No. 11 Jiangnan Road, in the urban region of Jiangmen City (江门市江南路11号), and costs approximately RMB 38.1 million.

Pan Hong intends to develop high-end residential and commercial properties on its piece of land in Jiangmen City which has a site area of approximately 28,130 square metres and a planned gross floor area (“GFA”) of approximately 49,000 sq m.

This latest land acquisition 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 Jiangmen City, the Group’s land bank currently comprises land reserves in Zhejiang Province, Jiangxi Province and Guangxi Province.

2. Background

Located in the south of Guangdong Province, Jiangmen City is a vital city centrally situated within the Pearl River Delta (珠江三角洲) and is recognised as the “*First Home Town*” in China (中国第一侨乡). In recent years, Jiangmen City has become an investment hot spot in Guangdong Province as it is the hometown to more than 3.7 million overseas Chinese, whose strong family ties to the city have played an important part in the increasing investments in over 20 industries including real estate, there. These investments have come from countries such as Hong Kong, Macau, Japan, South Korea, United States, Singapore and France.

The GDP of Jiangmen City was about RMB 92.1 billion in 2006. With a population size of around 3.8 million, the annual disposable income per capita of Jiangmen City’s urban households was about RMB16,530 in 2006.

The construction of a bullet train railway between Guangzhou City and Zhuhai City via Jiangmen City is currently underway and expected to be completed in 2008. Upon the commencement of this new railway, the travelling time from Jiangmen City to Guangzhou City and from Jiangmen City to Zhuhai shall be reduced to around 27 minutes and 20 minutes respectively by train.

The addition of the bullet train will further improve the accessibility of Jiangmen City which Pan Hong believes will be beneficial to property development projects there. The Directors

believe there is significant market potential in Jiangmen City due to its strategic location in the Pearl River Delta, the city's rapidly expanding economy and well-established transportation infrastructure. As such, the Group believes the purchase of a land parcel in Jiangmen City will enable Pan Hong to explore and capitalise on the growth potential of the city's property market.

3. Salient Terms of the Acquisition

On 16 August 2007, Jiangxi Asia City Real Estate Development Co., Ltd. ("Jiangxi Asia City"), a wholly-owned subsidiary of Pan Hong, signed a joint venture agreement (collectively the "**Agreement**") with a third party, Mr. Wang Yan (王彦). Together, Pan Hong and Mr Wang Yan had successfully won the tender for the land parcel in Jiangmen City for a consideration of approximately RMB 38.1 million.

In accordance with the terms of the Agreement, the Group is in the process of registering a joint venture company, under the name of Jiangmen Pan Hong Kaixuan Real Estate Development Co., Ltd. (江门市汎港凯旋房地产有限公司) which is expected to be incorporated on or before 15 September 2007. Pan Hong will own 75% interests in this joint venture company which will have a registered capital of RMB 40 million.

4. Financial Effects of the Acquisition

The acquisition and the subsequent development of the proposed property in Jiangmen City shall be financed by the proceeds from Pan Hong's internal resources and bank borrowings. The acquisition is not expected to have a material impact on the Group's earnings, gearing or net tangible assets for the financial quarter ending 30 September 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

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Executive Chairman
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