

PAN HONG PROPERTY GROUP LIMITED

(Incorporated in Bermuda)
(Registration Number: 37749)



汎港地產集團
PAN HONG PROPERTY GROUP

Increase in Equity Interest in Subsidiary - Huzhou Jiangnan Hailian

Pan Hong Property Group Limited (“Pan Hong” or the “Group”) wishes to announce that the Group has raised its equity interest in the capital of a subsidiary, Huzhou Jiangnan Hailian Construction Co., Ltd. (湖州江南海联建设有限公司) (“Huzhou Hailian”) from 65% to 80%.

Huzhou Hailian was incorporated in December 2004 with a registered and paid-up capital of US\$8,000,000. The Group’s wholly-owned subsidiary Pan Hong Investment Limited (“PHI”) held a 65% interest in the registered capital of Huzhou Hailian while the remaining 35% equity stake was held by a third party, Jiangnan Gongmao Group.

Huzhou Hailian owns six parcels of land located at Jiashanyang, Zhonggeng Village, Daochang Town in Huzhou city, Zhejiang Province (浙江省湖州市道场乡中庚村夹山漾鱼场), the PRC. These land parcels, which have a total site area of approximately 221,000 square metres, are held for property development. Huzhou Hailian has already paid the purchase cost of RMB 121.2 million for these land parcels, which are presently for industrial/entertainment use. The Group understands that the relevant PRC authorities are in the process of re-zoning the area for residential use. After the re-zoning and change in purpose of these land parcels, Huzhou Hailian may be required to pay an additional sum to the relevant authorities as part of the land cost.

On 24 April 2009, PHI completed the acquisition of an additional 15% stake in Huzhou Hailian from Jiangnan Gongmao Group for a cash consideration of RMB 9.6 million. The consideration was arrived at on a willing-buyer, willing-seller basis. Further to this transaction, PHI and Jiangnan Gongmao Group hold equity interests of 80% and 20% respectively in Huzhou Hailian.

The Group has already paid RMB 2.88 million of the cash consideration and intends to finance the balance through internal resources. This transaction is not expected to have any material impact on the earnings or assets of Pan Hong for the financial period ended 31 March 2009.

None of Pan Hong’s directors or controlling shareholders has any interest, direct or indirect, in this transaction (other than their shareholdings in the Group).

By Order of the Board

Wong Lam Ping
Executive Chairman

29 April 2009

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