

PAN HONG PROPERTY GROUP LIMITED

(Incorporated in Bermuda)
(Registration Number: 37749)



COURT APPROVES SETTLEMENT ORDER

(Capitalised terms used in this announcement shall have the same meaning as ascribed to them in the announcement made on 3 April 2009, unless otherwise defined.)

With reference to the announcement titled “Settlement of Legal Proceedings” and issued on 3 April 2009 by Pan Hong Property Group Limited (the “Company” and together with its subsidiaries, the “Group”), the Board of Directors of the Company is pleased to provide the following updates:

- The Settlement Order was approved by the Court on 8 May 2009;
- Accordingly, Mr Liu Hong Shu (the “Vendor”) has paid the sum of HK\$32,026,850 into Court on 15 May 2009 (“Refund of Deposit”); and
- The Vendor shall also pay an ex gratia payment of HK\$27.5 million into Court within 12 months from 8 May 2009 (“Ex Gratia Payment”).

Refund of Deposit

The sum of HK\$32,026,850 represents the full refund of the deposit and part payment of the Purchase Consideration of HK\$30.0 million, with interest at 3% per annum from 15 December 2007 until 16 March 2009.

On 15 May 2009, the Vendor has paid the sum of HK\$32,026,850 into Court. The Company’s wholly owned subsidiary, Loerie Investments Limited (“Loerie”) has given notice to the Vendor that it has complied with certain agreed settlement terms. The Vendor shall within 28 days of the date of notice, consent to the release of the total sum of HK\$32,026,850 to Loerie by the Court.

Ex Gratia Payment

In addition, the Vendor had, inter alia and on a without admission of liability basis, agreed to pay into Court within 12 months from 8 May 2009 a further sum of HK\$27.5 million as ex gratia payment to Loerie, subject to due compliance of certain settlement terms and there being no breach of the settlement terms by Loerie and/or Mr Wong Lam Ping. Upon full compliance by Loerie with the settlement terms as agreed, the Vendor shall within 7 days thereafter consent to the release of the total sum of HK\$27.5 million to Loerie by the Court.

After compliance with all the terms of the Settlement Order by the parties, Loerie would discontinue its legal proceedings against the Vendor and shall not pursue the acquisition of a 90.0% interest in Ever Sure Industries Limited (“Ever Sure”) from the Vendor (the “Acquisition”).

Should the Vendor fail to pay the aforesaid sums of HK\$32,026,850 and HK\$27.5 million in full, Loerie shall be entitled to either continue with its legal claim or to pursue the Vendor for the said sums.

Financial Impact

As previously announced, the financial information of Ever Sure has been excluded from the financial statements of the Company and the Group since the year ended 31 December 2007. As such, the non-completion of the Acquisition does not have any impact on the financial performance and net asset value of the Company and the Group for the financial period ended 31 March 2009.

By Order of the Board

Wong Lam Ping
Executive Chairman

20 May 2009

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