

**PAN HONG ACQUIRES LAND IN HUZHOU CITY FOR RMB 221 MILLION (S\$47 M)**

- Plans to develop high-rise residential property targeted at owner-occupiers
- Development GFA estimated to be around 216,000 sq m on aggregate
- New project in Huzhou is a potential growth driver for the Group
- Property prices in Huzhou may gain from opening of Hangzhou-Huzhou-Shanghai high-speed railway

Singapore, 30 July 2009 – Main Board-listed Pan Hong Property Group Limited (“Pan Hong” or the “Group”), a Hong Kong-based property developer that focuses primarily on developing properties in the second and third-tier cities in the People’s Republic of China (“PRC”), has successfully won the tender for a land parcel in Huzhou city (Zhejiang Province) for a consideration of approximately RMB 221.3 million (S\$46.7 million). The acquired land parcel will be used for the development of residential and commercial properties.

The land parcel, which has a site area of approximately 102,972 square metres (“sq m”), was acquired by the Group’s wholly-owned subsidiary, Hangzhou Liyang Housing and Landing Development Co., Ltd. (杭州丽阳房地产开发有限公司) (“Hangzhou Liyang”) on 28 July 2009 through an open tender. The land parcel is located near the city centre in Huzhou, at Lot 18B, Southwest District. Based on the maximum plot ratio of 2.1, this development is estimated to yield total gross floor area (GFA) of around 216,000 sq m, and the cost of land works out to approximately RMB 1,025 per sq m.

Targeting Owner-Occupiers

Thanks to its prime location close to the city centre, the Group believes that its future residential development at this newly acquired land parcel will appeal to first-time home buyers who are looking for residences that satisfy all their requirements of “live, work and stay”. This future development in Huzhou city will also enable Pan Hong to capitalise on the buoyant demand from owner-occupiers in the PRC property market.

Said Mr Wong Lam Ping, Executive Chairman of Pan Hong, “Pan Hong enjoys a strong brand name in Huzhou’s property market as we have been developing high quality properties in this city for over a decade. Given the excellent location of the new land parcel, coupled with the potential of Huzhou’s property market, this project will be significant to the Group’s development and has the potential to be a new growth driver in a relatively short timeframe.”

The Group anticipates construction of this project will commence in the first half of 2010. Based on the conditions set out in the Huzhou City Land Resources Bureau state-owned land use rights auction notice (湖州市国土资源局国有建设用地使用权拍卖公告), the government is expected to hand over the acquired land parcel to the Group before the end of 2009. The Group has paid a security deposit of RMB 18 million, with the balance due on 28 November 2009.

Potential of Huzhou's Property Market

Huzhou is an ancient Jiangnan city with over 2,300 years of history. The only city that is named after a lake in the Taihu Lake region, Huzhou leads up to Shanghai in the east, Hangzhou in the South, Tianmushan (天目山) in the west, and Taihu Lake in the north, and faces Wuxi and Suzhou across a lake.

In recent years, property prices in Huzhou have risen in a gradual and steady trend. Compared to the property prices in surrounding cities such as Shanghai and Hangzhou, there is potential value underlying Huzhou's property market. The commencement of the Hangzhou-Huzhou-Shanghai high-speed railway, which is expected to take place in 2010 or 2011, will significantly reduce the travelling time from Huzhou to Hangzhou and Shanghai to 20 minutes and 30 minutes respectively. As a result, the increased accessibility of Huzhou is expected to have a positive impact on property prices in this city.

Commenting on the outlook of China's property market, Mr Wong said, "The property market has started recovering in tandem with the improvement in China's economy. The growing real estate investments and land acquisitions in the major cities are a sign of the market's optimism towards the property sector and China's economy.

We envisage that the continual improvement of the global economy, coupled with possible inflation, shall herald a new growth opportunity for China's property market. With this in mind, our new land acquisition in Huzhou city further strengthens our land reserves for a sustainable pipeline of developments, as well as increases Pan Hong's market share and competitiveness."

The acquisition of the land parcel in Huzhou is to be financed using the Group's internal resources and borrowings. It is not expected to have a material impact on the Group's earnings and net tangible assets for the financial year ending 31 March 2010.

None of the Directors or controlling shareholders of the Company has any direct or indirect interest in the above transaction (other than their shareholdings in the Company).

About Pan Hong Property Group Limited

Pan Hong Property Group Limited (汎港地产集团) is a Hong Kong-based property developer that focuses primarily on developing high quality residential and commercial properties in the second and third-tier cities in the PRC.

Backed by over 20 years of experience in the PRC's property development industry, Pan Hong has established its presence in Hangzhou and Huzhou cities in Zhejiang Province, and Nanchang city in Jiangxi Province. Besides these cities, the Group also owns interests in land reserves in Fuzhou, Yichun and Leping cities in Jiangxi Province, Jiangmen city in Guangdong Province, and Pinghu City in Zhejiang Province, for property development.

As a testament to the quality of Pan Hong's property developments, the Group has received several awards for its current project in Nanchang – Nanchang Honggu Kaixuan. In 2007, the Group was conferred the '4th Annual Nanchang City Best Property Award', 'Most Popular Property in Nanchang', as well as accolades such as 'Reputable Brand of the Year in Jiangxi' and 'Professional Property Developer of International Standard'. The Group's Hua Cui Ting Yuan project also clinched the China Classic Villa Award 2008.

Pan Hong was listed on the Singapore Exchange on 20 September 2006.
Website : <http://www.pan-hong.com>