

PAN HONG PROPERTY GROUP LIMITED

(Incorporated in Bermuda)

(Registration Number: 37749)

INCREASE IN SHAREHOLDING IN A SUBSIDIARY

The Board of Directors of Pan Hong Property Group Limited ("Pan Hong" or the "Group") wishes to announce that the Group's wholly-owned subsidiary, Pan Hong Investment Limited, has acquired the remaining 3.46% of the paid-up capital in Huzhou Luzhou Housing and Landing Development Co. Ltd ("Huzhou Luzhou") from an independent third party, Huzhou Jicai Package Print Co., Ltd. ("Huzhou Jicai") for a cash consideration of RMB 2.19 million (the "Acquisition"). The consideration of RMB 2.19 million was arrived at cost of 3.46% of the paid-up capital in Huzhou Luzhou.

Huzhou Jicai had acquired the 3.46% equity interests from Huzhou Luzhou's previous minority shareholder, Guangxi Fangxin Real Estate Construction Co., Ltd, in April 2007.

The Acquisition was funded by our internal resources as well as the reinvestment of the net profits after taxation of approximately RMB 13.5 million, RMB 3.7 million and RMB 1.7 million from Huzhou Liyang Housing and Landing Development Co., Ltd, Huzhou Real Estate Development Co., Ltd and Huzhou Asia City Real Estate Development Co., Ltd respectively.

With the Acquisition, Huzhou Luzhou is now a wholly-owned subsidiary of Pan Hong.

The registered capital of Huzhou Luzhou had also been increased from approximately RMB 63,280,000 to RMB 82,176,000.

The above investment is not expected to have any material impact on the Company's earnings per share or net tangible assets for the financial year ending 31 December 2007.

None of the Group's directors or controlling shareholder has any interest, direct or indirect, in the above transaction.

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

BY ORDER OF THE BOARD

Wong Lam Ping
Executive Chairman

Date: 13 September 2007